DOCUMENT RESUME

ED 145 969 PS 009 669

TITLE	Reorganization of the Office of Human Development. Hearings Before the Subcommittee on Select Education of the Committee on Education and Labor, House of Representatives, Ninety-Fifth Congress, First Session.
INSTITUTION	Congress of the U.S., Washington, D.C. House Committee on Education and Labor.
PUB DATE	Sep 77
NOTE	221p.; Not available in hard copy due to small print size on many pages
EDRS PRICE	MF-$0.83 Plus Postage. HC Not Available from EDRS.
DESCRIPTORS	*Administrative Change; *Administrative Organization; *Agencies; American Indians; Child Welfare; Family Counseling; Family Programs; *Federal Programs; Government Role; Handicapped; *Human Development; Older Adults; Rehabilitation; Special Education
IDENTIFIERS	*Office of Human Development

ABSTRACT

This document is the official record of hearings held September 8 and 12, 1977, dealing with the reorganization of the Office of Human Development. The hearings were held before the Subcommittee on Select Education of the U.S. House of Representatives Committee on Education and Labor. Included in these proceedings are statements, prepared statements, letters, and supplemental materials presented to the committee. (SB)

****
* Documents acquired by ERIC include many informal unpublished *
* materials not available from other sources. ERIC makes every effort *
* to obtain the best copy available. Nevertheless, items of marginal *
* reproducibility are often encountered and this affects the quality *
* of the microfiche and hardcopy reproductions ERIC makes available *
* via the ERIC Document Reproduction Service (EDRS). EDRS is not *
* responsible for the quality of the original document. Reproductions *
* supplied by EDRS are the best that can be made from the original. *
****

REORGANIZATION OF THE OFFICE OF HUMAN DEVELOPMENT

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

ED145969

HEARINGS

BEFORE THE

SUBCOMMITTEE ON SELECT EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

FIRST SESSION

HEARINGS HELD IN WASHINGTON, D.C., ON SEPTEMBER 8, 12, 1977

Printed for the use of the Committee on Education and Labor
CARL D. PERKINS, *Chairman*

PS 009669

U.S. GOVERNMENT PRINTING OFFICE
97-210 O WASHINGTON : 1977

COMMITTEE ON EDUCATION AND LABOR

CARL D. PERKINS, Kentucky, *Chairman*

FRANK THOMPSON, Jr., New Jersey
JOHN H. DENT, Pennsylvania
JOHN BRADEMAS, Indiana
AUGUSTUS F. HAWKINS, California
WILLIAM D. FORD, Michigan
PHILLIP BURTON, California
JOSEPH M. GAYDOS, Pennsylvania
WILLIAM "BILL" CLAY, Missouri
MARIO BIAGGI, New York
IKE ANDREWS, North Carolina
MICHAEL T. BLOUIN, Iowa
ROBERT J. CORNELL, Wisconsin
PAUL SIMON, Illinois
EDWARD P. BEARD, Rhode Island
LEO C. ZEFERETTI, New York
GEORGE MILLER, California
RONALD M. MOTTL, Ohio
MICHAEL O. MYERS, Pennsylvania
AUSTIN J. MURPHY, Pennsylvania
JOSEPH A. LE FANTE, New Jersey
TED WEISS, New York
CEC HEFTEL, Hawaii
BALTASAR CORRADA, Puerto Rico
DALE E. KILDEE, Michigan

ALBERT H. QUIE, Minnesota
JOHN M. ASHBROOK, Ohio
JOHN N. ERLENBORN, Illinois
RONALD A. SARASIN, Connecticut
JOHN BUCHANAN, Alabama
JAMES M. JEFFORDS, Vermont
LARRY PRESSLER, South Dakota
WILLIAM F. GOODLING, Pennsylvania
BUD SHUSTER, Pennsylvania
SHIRLEY N. PETTIS, California
CARL D. PURSELL, Michigan
MICKEY EDWARDS, Oklahoma

SUBCOMMITTEE ON SELECT EDUCATION

JOHN BRADEMAS, Indiana, *Chairman*

EDWARD P. BEARD, Rhode Island
GEORGE MILLER, California
DALE E. KILDEE, Michigan
CEC HEFTEL, Hawaii
AUGUSTUS F. HAWKINS, California
MARIO BIAGGI, New York
CARL D. PERKINS, Kentucky, *Ex Officio*

JAMES M. JEFFORDS, Vermont
LARRY PRESSLER, South Dakota
ALBERT H. QUIE, Minnesota, *Ex Officio*

CONTENTS

	Page
Hearings held in Washington, D.C.:	
September 8, 1977	1
September 12, 1977	81
Statement of—	
Bowe, Frank G., director, American Coalition of Citizens With Disabilities	2
Coler, Gregory L., associate commissioner, Division of Services, New York State Department of Social Service	177
Gashel, James, chief, Washington office, National Federation of the Blind; Ted Hipkens, director, Association of Rehabilitation Facilities; Irvin P. Schloss, director, government relations, American Foundation for the Blind, Inc.; Carl Hansen, president, National Rehabilitation Association, Washington, D.C.; a panel	28
Martinez, Arabella, Assistant Secretary for Human Development Services, accompanied by Richard Beattie, deputy general counsel, Department of Health, Education, and Welfare	82
Murphy, James T., coordinator, Consumer Activities Committee, United Cerebral Palsy Association; accompanied by Marion B. Smith, chairman, Governmental Affairs Committee, National Association for Retarded Citizens; Clarke Ross, director, government affairs, United Cerebral Palsy Association; James M. Watson, president-elect, Epilepsy Foundation of America, Washington, D.C., a panel	15
Robrahn, Reese H., director, research and governmental affairs, American Council of the Blind, Washington, D.C	164
Weintraub, Frederick, director, governmental relations, Council for Exceptional Children, Reston, Va., accompanied by B. Joseph Ballard, assistant director for policy implementation, governmental relations unit, Council for Exceptional Children	158
Prepared statements, letters, supplemental materials, etc.:	
Bowe, Frank G., Ph. D., director, American Coalition of Citizens With Disabilities Inc., testimony of	2
Coler, Gregory L., associate commissioner, Division of Services, New York State Department of Social Service, testimony of	167
Hansen, Carl, president, National Rehabilitation Association, statement of	57
Hipkens, Ted, director, Association of Rehabilitation Facilities, Washington, D.C., written testimony of	32
Kaufman, Herbert, Brookings Institute, "Reflections on Administrative Reorganization," article entitled	112
Martinez, Arabella, Assistant Secretary for Human Development Services, fact sheet on OHD reorganization, with exhibits	84
Murphy, James H., coordinator, Consumer Activities Committee, United Cerebral Palsy Association, statement on behalf of	20
Robrahn, Reese H., director, research and governmental affairs, American Council of the Blind, prepared statement	161
Schloss, Irvin P., director, government relations, American Foundation for the Blind, Inc., statement of	49
Weintraub, Frederick J., assistant executive director for governmental relations, the Council for Exceptional Children, statement of	154

APPENDIX

Page

Akerley, Mary S., National Society for Autistic Children, Inc., statement of 181

Bowe, Frank G., Ph. D., director, American Coalition of Citizens With Disabilities, Inc.:

Letter to Chairman Brademas, dated September 12, 1977, enclosing two reorganization recommendations 189

Letter to Joseph A. Califano, dated July 27, 1977 199

Dobbs, June M., chairperson, Council on Developmental Disabilities, State of Wisconsin, letter to Chairman Brademas, dated October 7, 1977 210

Gashel, James, chief, Washington office, National Federation of the Blind, letter to Chairman Brademas, dated August 2, 1977, enclosing a resolution 184

Geer, William C., executive director, the Council for Exceptional Children, letter to Joseph A. Califano, dated July 28, 1977 .....

Giannini, Margaret Joan, M.D., FAAMD, president, American Association on Mental Deficiency, Washington, D.C., letter to Chairman Brademas, dated August 5, 1977 187

Moss, James W., Ph. D., director, planning, evaluation and development, University of Washington, Seattle, letter to Congressman Meeds, dated July 27, 1977 204

Pfrommer, Margaret C., governor, Illinois Council of the Congress of Organizations of the Physically Handicapped, White Paper on Executive Branch Reorganizational Initiatives Within the Office of Human Development 211

Ross, E. Clarke, director, United Cerebral Palsy Associations, Inc., letter to Arabella Martinez, Assistant Secretary for Human Development, Department of Health, Education, and Welfare, dated July 27, 1977 202

Smith, Sanford V., director, Office of Educational Services, Meyer Children's Rehabilitation Institute, University of Nebraska, letter to Jack Duncan, subcommittee counsel, dated September 2, 1977 207

REORGANIZATION OF THE OFFICE OF HUMAN DEVELOPMENT

THURSDAY, SEPTEMBER 8, 1977

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON SELECT EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:00 a.m., in Room 2203, Rayburn House Office Building, the Hon. John Brademas (chairman of the subcommittee) presiding.

Members present: Representatives Brademas, Miller, Kildee and Pressler.

Staff Present: Jack G. Duncan, counsel; Joan Godley, executive secretary; Moya Benoit, secretary.

Mr. BRADEMAS. The Subcommittee on Select Education will come to order for the purpose of oversight hearings on the Administration's plans for reorganization of the Office of Human Development in the Department of Health, Education and Welfare.

In July of this year, a complete reorganization of the Office of Human Development was announced, consolidating all programs within this agency into five units, and all staff functions into four major offices.

The declared purpose of the reorganization is to provide a rational structure for the efficient administration of services in OHD, and to direct resources more effectively towards the special needs of children, families, handicapped individuals, elderly people and native Americans.

The new office, renamed the Office of Human Development Services, administers more than 30 programs with a budget of approximately $5 billion. Obviously the planned reorganization has important implications for the future of services to the vulnerable and others in our society.

Because of the tremendous potential impact of this reordering of services, and of staff functions within OHD, we feel it important that Congress and those individuals and groups concerned fully understand the nature and effects of the new plan.

This subcommittee has legislative and oversight responsibility for a number of the programs administered by the Office of Human Development, including programs for the elderly, for children, and for handicapped persons.

Our hearings will then provide an opportunity for the expression of concerns surrounding the reorganization of OHD.

Today we shall hear testimony from representatives of organizations serving handicapped persons.

The Chair is pleased to welcome as our first witness Mr. Frank Bowe, Director of the American Coalition for Citizens with Disabilities. Following Mr. Bowe's testimony, the subcommittee will hear witnesses who will appear in two different panels.

Mr. Bowe, we are pleased to have you with us, sir.

TESTIMONY OF FRANK G. BOWE, DIRECTOR, AMERICAN COALITION OF CITIZENS WITH DISABILITIES

[The statement of Mr. Bowe follows:]

American Coalition of Citizens with Disabilities Inc.

REORGANIZATION OF THE DEPARTMENT OF HEALTH, EDUCATION AND WELFARE

TESTIMONY OF THE AMERICAN COALITION OF CITIZENS WITH DISABILITIES

before the House Subcommittee on Select Education
September 8, 1977

presented by
Frank G. Bowe, Ph.D., Director

Mr. Chairman, Members of the Committee: I am Dr. Frank Bowe, Director of the American Coalition of Citizens with Disabilities. ACCD is a nationwide organization representing 55 local, state and national organizations of and for disabled people. Among our organizational members are the American Council of the Blind, Children's Defense Fund, Council for Exceptional Children, Council of State Administrators of Vocational Rehabilitation, Epilepsy Foundation of America, National Association for Retarded Citizens, National Association of the Deaf, National Association of the Physically Handicapped, National Paraplegia Foundation and Paralyzed Veterans of America. Some of our members may elect to testify on their own behalf, in which case we will endorse their recommendations.

I welcome the opportunity to appear before you today and the chance to speak on an issue which has grave implications for all handicapped Americans, that of the newly announced reorganization of programs for handicapped individuals within the Department of Health, Education and Welare's Office for Human Development Services.

In President Carter's address to the White House Conference on Handicapped Individuals on May 23, 1977, he expressed his commitment to Federal reorganization of programs affecting this sector of our population. The transition team on handicapped individuals had, prior to this Presidential commitment, also concluded that reorganization of all aspects of policy and program which directly or indirectly affect disabled persons should be consolidated in such a way as to develop and articulate a national policy which is free of contradictions, disincentives and gaps in services. It was also the conclusion of that group that reorganization would have to take place within the Executive

Office of the President, Office of Management and Budget, Department of HEW, Department of Labor, Department of Housing and Urban Development, Department of Transportation, the various national institutes, the Veterans Administration, General Services Administration, Civil Service Commission, Department of the Interior and the Department of Agriculture before the comprehensiveness desired could be achieved.

Although this may sound like an awesome undertaking, it pales in comparison with the present situation where a quick perusal of existing programs finds over 100 different programs administered by disabled people by a multitude of different agencies in different departments. Most of this program array is subject to different interpretations of just who a handicapped or disabled person is. The immediate result of this irregular tapestry to the intended recipient back home is confusion, due to all of the nonconformity of the programs which, by then, have been subjected in many instances to state and local rules for their implementation. The Medicaid program in my home state of New York is an apt example of this type of program.

To further illustrate my point, allow me to recount to you the story of one particular individual who has fallen victim to this kind of policy in a vacuum. Sandra S. is a severely disabled woman in her late thirties who is a trained vocational rehabilitation counselor employed by the city of New York. Since she is an individual with quadreplegia and confined to a motorized wheelchair, she requires a number of supportive services, such as special transportation and home attendant services, to allow her to remain in an employed independent living situation. The Catch-22s in this situation crop up when one learns first that the definition of disabled individual for the purposes of Medicaid services, such as home attendants, depends on an artificial dollar ceiling of two hundred dollars earning a month, which is attached to the substantial gainful activity section of the disability definition. Simply put, this means that

if Sandra S. earns more that two hundred dollars a month after all of her extraordinary expenses are deducted, she is not longer considered disabled under the law and no longer eligible for home attendant services, services without which she cannot remain employed and, indeed, could not survive. The second fly in the ointment is found when one learns of what this individual pays for the privilege of working by way of transportation for the mile between home and office she must traverse each day. For this, she must pay sixty dollars a week, money which, I might add, is not reimbursable, subsidized or payable by anyone other than her. Sandra S. is now somewhere in limbo regarding her status with Medicaid et al. Local, state, and regional-Federal officials are somewhat stimied as to what to do about her, since technically she does not fall within the provision of the rules of any program. She is typical of one kind of handicapped individual who has fallen prey to the collision course policies which relate so very often to this population. In the first instance, she was medically treated as a child at great expense to her family and the taxpayer, the purpose of this being to medically restore her to the extent where she could function on an optimal level within society. In the second instance, she was educated at great cost to the taxpayer once again, the purpose here to allow her to utilize her mental and cognitive powers to the maximum degree in order for her to become alert, aware, articulate and at least ready for employment. In the third instance,she was made job ready or employable by the local vocational rehabilitation agency, again at great expense to the taxpayer; the purpose -- to put her to work. In the fourth instance, however, she needed to be provided with those services which were absolutely necessary and reasonable to allow her to stay on the job and live independently in the community; and here the policies collided. Here the missions and goals of rehabilitation, employment and education were short-circuited by the goals or lack of goals of the medical support and transportation support systems. It is as if, and it is important

and critical that you understand the psychological impact on the citizen involved, the public policy of this nation decreed to her in a very personal way: You shall go this far and no further.

Now how does this sad tale relate to the issue of reorganizaton concretely? It relates in this way: without your knowing what the bottom line effect of Federal policies are, you do not know what is good or what is bad, what is working or what has broken down, or what has never worked at all. In simple terms, reorganization is not a matter of management by objective, zero-based budgeting, appropriations or allocations. In the final analysis, reorganization is a matter of solving a problem, and the debate in the halls of Congress must always reach a resolution based on that principle.

Within HEW, there are approximately 67 programs with prime, secondary or at least theoretical equitable relationships to handicapped individuals. Without HEW, there are approximately 58 programs which have the above relationship to handicapped individuals. These programs represent the actual sum total of Federal policy for this population. As numerous studies will attest, it is in fact Federal non-policy. Taken within the context of total Federal reorganization it is all too evident that within each department and independent agency, there must reside a mechanism which will coordinate policy and program, remove disincentives and fill program gaps on a comprehensive, systematized basis. In turn, these departmental/agency mechanisms must relate to each other in a sensible fashion to form the comprehensive program envisioned. The key element to such a program lies within the Executive Office of the President and the Department of Health, Education and Welfare.

From HEW, we have been presented a plan by the Assistant Secretary for Human Development Services. While the American Coalition of Citizens with Disabilities approves the intent of the plan and while we applaud the goals

of the proposed reorganization, we do not believe it passes the litness test which must, by necessity, take into account the Sandra S.'s of our community. It does not go far enough and it does not close the gaps which permeate the program and policy structure we are concerned with.

To be specific, we feel it fails on the following points:

A. It is not placed high enough in the decision-making structure of HEW;

B. It presents enormous problems of policy by combining the Administrator's post with that of Commissioner of Rehabilitation Services Administration;

C. It includes the Architectural and Transportation Barriers Compliance Board;

D. It offers poor placement for the Office for Handicapped Individuals;

E. It, in effect, "consumes" the Developmental Disabilities Office under a thinly disguised expanded RSA;

F. It does not include such strategic and critical programs or parts of programs as: (1) Head Start; (2) Bureau of Supplemental Security Income; (3) President's Committee on Employment of the Handicapped; (4) Medicaid; (5) Disability Insurance Program; (6) a host of health programs for disabled people; (7) a host of education programs for disabled citizens;

G. It fails to specify how coordination will occur within HEW for programs not included within the new Administration on Handicapped Individuals or with programs within other departments and agencies.

Allow me to comment on each of these points:

A. Placement within HEW. The proposed AHI has limited policy-making potential housed within an Assistant Secretariat. It is and has been obvious to many of us within this community that when you combine the size of the population in question with the existing cost commitment of present programs and the state of confusion, re: mission, legislative definition, etc., that this Administration on Handicapped Individuals should become an Assistant Secretariat of its own.

B. Policy Problems. Even though the ACCD understands the legal limitations on an RSA Commissioner reporting to other than an Assistant Secretary, we still find this doubling of role ill-advised. Besides the obvious impossibility

associated with the work load of a new Administration, we have grave reservations over the potential "first among equal status" that such an administrative arrangement awards to rehabilitation in general. Allow me to be brutally blunt: we do not accept any concept which would adhere or imply that rehabilitation is something more than one (albeit extremely important) set of services an individual has need of during his or her lifetime. We are, moreover, extremely uncomfortable with the potential for policy direction in social areas totally unrelated to the rehabilitation scheme. This, we feel, would prove disastrous for millions of disabled individuals should these areas become captive to policy considerations which do not take their total life needs into consideration.

C. ATBCB. The ATBCB belongs totally outside the confines of any department, let alone within an Administration within an Office within a Department. It is by intent a regulatory agency which should be independent, beefed up and given sole authority to grant waivers, rules, etc. on any Federal construction emanating from any source. We have played a game with this little agency for five long years. Born a hybrid, it has languished within the bowels of HEW, administered in actuality by a multitude of agencies and not coming close to fulfilling the mission it was established to achieve. Part of our national problem regarding the proliferation of barrier-ridden facilities, and particularly transportation loans, stems from the fact that this agency has not been unshackled to do its job. On this point, ACCD must strongly concur with the recommendations of the transition team and advocate the transformation of the Board into an independent regulatory agency.

D. OHI. OHI is another forgotten agency, which has languished in anonymity, not allowed to meet its mandate. There is reason to believe that it would fare better under the AHI proposal, but there is additional reason to believe that its impact will be confined to the AHI and not felt throughout the width and breadth of the Department. The ACCD feels that OHI would be better placed within the policy and evaluation section of an Assistant Secretariat on

Handicapped Individuals, or, failing that, within a planning and evaluation section which has an overview responsibility covering the entire Department. This is particularly critical when OHI has been given the responsibility of carrying out the implementation plan emanating from the White House Conference.

E. DDO. DDO was created as a reaction to historical rehabilitation policy. It was based on a concept that programs should be individual-related and not systems-related. Despite a poor record of funding, when compared with the scope of responsibilities which the DDO has acquired, it has had a positive impact on the lives of individuals with developmental disabilities. In point of fact, it should be emulated by other programs which are less concerned with the bottom line of eventual service delivery to people; and for that reason alone should be expanded both in scope and in allocation. To reverse field at this juncture and re-place this program under the aegis of an Administration nominally controlled by rehabilitation is extremely ill-advised. It is no secret in this field that the extreme critics of this program would like to see it swallowed up by a larger agency or folded into a new program which would deviate radically from the direction that DD has been taking. Again, the problem in this regard relates primarily to the AHI concept as proposed.

F and G. Critical omissions. For many years, the critics of the present Federal structure have been advocating that policy and program content should be directed towards the whole person and not their disparate parts. By now it must be a familiar refrain. You hear it so often, however, because the problem does not go away. When I look at the proposed AHI, I cannot help but feel that here again is a proposed solution which falls short once more. To be sure, it is much better than any which has preceded it, but it is, in our estimation, not good enough. Complex and subtle questions of policy and service delivery will not be untangled by cooperative agreements. These questions must be answered by the intimate and daily involvement of trained consumers and professionals knowledgeable in the continum of needs of our handicapped citizens. The ten

percent set-aside of Program X must be administered in conjunction with the 60 percent program direction of Program Y and the total program involvement of Program Z. When new programs in welfare, National Health Insurance, Energy, Housing, Transporation and Labor come down the pike, there must be a comprehensive mechanism there to interpret how it should work for 36 million disabled Americans. One only has to look at CETA, the major employment program in DOL, to understand my meaning. Nowhere in that massive act are references, let alone set-asides, found for disabled people. Yet, in the new Title VIII and the new parts of Title III, specific set-asides are found for other minority groups; all this, while the national unemployment rate for my people hovers around 46 percent.

I have not dwelled upon the fiscal implications of this or any other reorganizaton, partly by design. However, suffice it to say that the sooner we begin a process of putting people to work, keeping them at work, taking them out of institutions and allowing them to live independently, the sooner we will begin to lessen a gigantic fiscal burden on the shoulders of the taxpayers. The sooner we begin to allow the Sandra S.'s of our community to live and work peacefully among us, the sooner we can begin to fulfill the promise of the White House Conference. It really comes down to this: if Sandra S. is not the critical factor in zero-based budgeting, then this entire system is a fraud; and if reorganization fails to deliver effectively to her and people like her, then reorganization will be a fraud. And if we find ourselves with these two frauds, at least my community will have found the truth. ACCD would strongly recommend that future plans involving reorganization,policy formulation, service delivery, etc. have direct and continuous substantive input from disabled people. This was not the case. In this particular proposed plan and from our vantage point its weaknesses stem from a serious and unconscionable omission.

Thank you.

Mr. BOWE. I am Frank Bowe, Director of the American Coalition of Citizens with Disabilities, a nationwide umbrella group of 55 national, state and local organizations of and for virtually every category of disability.

I am pleased to be with you today to discuss with you the recently announced reorganization of programs in the Office of Human Development Services.

Mr. Chairman, in the fields of education, rehabilitation, children, aging, the arts, the other areas in which you have assumed leadership, you have dealt constantly with the bottom line—it is what happens to the people the programs are designed to serve.

Without knowing this, congressional oversight is severely hampered or, if you will, handicapped. We cannot know what is good, what is bad, what is working, what is broken down, what never worked at all. That is true here.

Reorganization is not a matter of management by objectives, zero based budgeting, authorization, appropriations, allocations; rather, it is a matter of solving problems related to the services people need and deserve.

I see little evidence of that comprehension here.

We have serious and grave reservations with the plan we will discuss today. It is not placed high enough in the decision-making process. It has serious problems by combining the administrator and the commissioner posts. It includes the Architecture and Transportation Barriers Compliance Board.

It offers poor placement for the Office for Handicapped Individuals. In effect, it consumes the Developmental Disabilities Office. It does not include other important agencies, such as Headstart, supplemental security income, President's committees, Medicaid, disability insurance, and a host of other programs.

It fails to specify how coordination will occur within HEW for programs not included within the Administration on Handicapped Individuals or with programs in other departments and agencies.

Allow me to expand briefly on those points.

We have consistently argued that 36 million disabled people have needs and desires spanning virtually the entire range of governmental programs and policies.

It is not possible to coordinate that kind of a diversity, that kind of a range and a sphere, that kind of impact over time, over needs, over geography, from within the office of an assistant secretary from one department of government.

Yet there is absolutely no guarantee, no specific plan laid out within this reorganization to provide some kind of guidance and coordination, some kind of overall leadership and policy development. That cannot be accomplished within the office of one assistant secretary.

I do not recommend, nor does my organization, that the commissioner and the administrator be the same individual. There are, as you are very well aware, legal constraints upon the administrator reporting to anyone other than an assistant secretary. But, that problem should not be solved in the way it has been solved in this plan.

The Architectural Board must be an independent regulatory agency to accomplish its objectives. We have had this agency for five years. It has been severely hampered by the very structure in which it is placed. This plan does nothing that will enhance the possibility that the board can achieve the desired results.

There is little reason to believe that the Office for Handicapped Individuals would be significantly more effective under this plan, and that is a very grave concern.

The Developmental Disabilities Office was created in a specific effort to separate it from the other programs, particularly RSA, from which it did have distinct and very important kinds of differences. This plan does nothing to recognize the congressional intent in taking that action.

Perhaps the most important objection we have is that this plan was brought to fruition, it was brought to completion, it was announced without consumer involvement.

I was told, my organization was told, at the time this plan was announced. This, I do not believe, is the fulfillment of the congressional intent, repeatedly asserted in the legislation for which you have oversight, that consumer involvement is to be affected in carrying out programs.

I do not believe it is in accordance with the President's often repeated desires to meet with disabled people across the conference table, not in a court of law.

We have the very questions that the Office of Human Development Services has developed in this plan. We came up with a different set of answers. The subcommittee has that plan.

What we have done is to try to establish an assistant secretariat because we recognize that it is only by placing in an elevated and strengthened position the most important agencies and programs serving disabled people that we will be able to carry out the congressional mandate.

Thank you.

Mr. BRADEMAS. Thank you very much, Mr. Bowe, for a most interesting analysis.

If I may, I would like to ask you several questions that occur to me after having heard your statement.

In your statement, Dr. Bowe, you express concern over the fact that the new Commissioner of the Administration for Handicapped Individuals and the Commissioner for the Rehabilitation Services Administration would be the same individual.

Could you tell the subcommittee the kinds of conflicts that you contemplate could arise with this arrangement?

Mr. BOWE. Yes, Mr. Chairman.

I do not believe that having those two positions held by the same individual, regardless of his or her competence, experience, ability, respect or any other factor is fair to any of the programs or is likely to lead to the kind of implementation that the Congress intended for the different programs.

I do not believe that a first among equal status for the Commissioner for RSA is going to be able to give the other programs the kind of consideration necessary. At the same time, I do not believe that having the Commissioner of RSA devote less than full-time responsibility to that agency is going to be fair to that agency.

So, basically my feeling is that this is an ill advised joining of responsibilities for these two particular posts which should be held by different individuals, both giving full time to the job.

Mr. BRADEMAS. On another point, Dr. Bowe, in your testimony you referred to the Architectural and Transportation Barriers Compliance Board and the Office for Handicapped Individuals as two examples of agencies which you believe ought not to have been included within the Administration for Handicapped Individuals.

Could you elaborate for us the reasons you feel that inclusion of these agencies within the Administration for Handicapped Individuals would limit or impair their functions and effectiveness?

Mr. BOWE. Yes. Basically, Mr. Chairman, the Office for Handicapped Individuals and the Architectural and Transportation Barriers Compliance Board both have a mandate which is government wide. It is a mandate which in one case requires an agency to serve as a regulatory agency, to regulate agencies within this government.

I do not see how that can be done by placing the Architectural Board within an assistant secretary's office in one department.

The Architectural Barriers Board has a tremendous potential and the people who work there, the people on the staff are dedicated. It is very difficult to carry out regulatory functions when in fact the agencies that you are supposed to regulate are the very ones that are controlling and over you, and not accountable to you.

In the case of the Office for Handicapped Individuals, we again have a government wide function; in this case for coordination and information. I do not see how coordination can be accomplished from within this particular kind of position. I do not see how information can effectively be channeled in this way, either.

So, I am deeply concerned that these two particular agencies should be placed in a more highly visible and a more flexible kind of setting, where they can exercise the kind of functions that you did intend when you created them.

Mr. BRADEMAS. One of the concerns that I have is that the operation of that board was intended to be government-wide, and not solely confined to activities in HEW.

I would be concerned that the inclusion of this particular board under an assistant secretary, might impair the effectiveness of the board.

Let me ask you a couple of other questions, Dr. Bowe. This goes to the question of the process by which the reorganization was determined.

Was your organization, or were the member groups of your coalition, ever consulted with regard to the reorganization plan? If so, could you tell us when you were consulted and the kind of opportunity that you had to offer comments on the proposed reorganization.

Mr. BOWE. I am very pleased to, Mr. Chairman.

What happened was I began to hear rumors that a reorganization plan was being drafted. I tried to confirm these rumors by checking with the assistant secretary herself, who told me, yes, she had developed a plan, she had sent it to the Secretary.

Now, of course, this means that it has been drafted and is up there for approval.

I tried to get from the Secretary's office confirmation of this and was told that there was no plan for reorganization of OHD on the Secretary's desk

I then went to the people on the Domestic Council in the White House and said to them, 'You recall the President promised consumer involvement and Mr. Califano also said he would involve consumers. But it appears a very important, major step is being taken without consultation.'

I was told by them that they had gotten in touch with the Secretary's office and we were assured that we would be involved before the plan took effect.

Subsequent to that, I heard nothing. The plan was being denied as an existing entity.

To my knowledge no other organization affiliated with ACCD was informed of the plan.

Now, it is a very different manner from hearing about it in rumors and being consulted in the formulation of it. That did not happen, either. In fact, I was made aware of that plan on 22 July, when it was publicly announced.

Partly as a result of the pressure that we had brought a meeting was held with some individuals from outside of HEW to tell us what the plan would be—not to ask us what it should be, not to ask us what we felt needed to be changed.

I have very grave reservations with the way that was carried out because I do feel that if we had been consulted we could have made suggestions that I believe would have strengthened the plan.

Mr. BRADEMAS. Let me ask you a similar question about the process of consultation, not with HEW but with the Office of Management and Budget.

Did officials of OMB seek to consult with you or your constituent groups with respect to this proposed reorganization?

Mr. BOWE. No. The people in that office, when I talked with them, told me that at this stage this was an internal matter in HEW and that they were not at that point going to get involved. They did not seek me out, and they did not make any attempt to be sure that we were included.

As I said, I talked with the people on the Domestic staff who did make an effort to try to see that we would be included, and there were assurances that we would be. Subsequent to that, we were not, but perhaps that was interepreted to mean that we would be told of the plan before it was put into effect.

Mr. BRADEMAS. So, do I conclude—and I don't want to put words in your mouth—that with respect to this proposed reorganization of OHD programs, which obviously embraces programs that affect handicapped persons, that neither the coalition nor its constituent groups were consulted by HEW or the Domestic Council or by OMB.

Mr. BOWE. That is correct. The position of OMB and the Domestic Council was that this was an internal matter and under a Cabinet that didn't want to be involved until the plan was actively considered. At that point the plan was announced before we could get involved at that stage.

Mr. BRADEMAS. There is one other question that I might ask you in this respect. I refer to the reorganization within OMB of its

capacity to deal with social services. Are you being consulted in respect of that effort?

Mr. BOWE. We are being consulted to the extent that any other organization is being consulted. I am receiving phone calls and letters saying, 'We are now dealing with this issue,' for example, education, or whatever, and our comments are respectfully requested and we are submitting them.

We have done that with the reorganization of the Executive Office of the President and with respect to the Office of Human Development Services. We developed plans in both cases and submitted them in both cases before any plan was announced or developed.

I wish we had been perhaps more effective in having our recommendations considered in both cases. But, I do know that with respect to your question that what I have said is very unfortunate to my mind. I do not think it is an example of the kind of involvement the President and the Congress had in mind.

Mr. BRADEMAS. Thank you very much, Dr. Bowe. This has been very useful. We very much appreciate your having taken the time to be with us today.

Mr. BOWE. I am very pleased to have had the opportunity and the honor.

Thank you, Mr. Chairman.

Mr. BRADEMAS. Thank you.

Next we shall hear from a panel. Perhaps its members would simply take their seats. Mr. James T. Murphy, Coordinator of Consumer Activities Committee of United Cerebral Palsy Association in Washington. He is accompanied by Marion B. Smith, who is the Chairman of the Governmental Affairs Committee of the National Association for Retarded Citizens in Washington; Mr. Clarke Ross, who is the Director of Government Affairs for United Cerebral Palsy Association in Washington; and Mr. James M. Watson, who is President-elect of the Epilepsy Foundation of America in Washington.

Gentlemen, we are pleased to have you with us.

Mr. Murphy, as I understand it you are going to present a statement on behalf of your colleagues.

PANEL OF JAMES T. MURPHY, COORDINATOR, CONSUMER ACTIVITIES COMMITTEE, UNITED CEREBRAL PALSY ASSOCIATION, WASHINGTON, D.C., ACCOMPANIED BY MARION B. SMITH, CHAIRMAN, GOVERNMENTAL AFFAIRS COMMITTEE, NATIONAL ASSOCIATION FOR RETARDED CITIZENS, WASHINGTON, D.C.; CLARKE ROSS, DIRECTOR, GOVERNMENT AFFAIRS, UNITED CEREBRAL PALSY ASSOCIATION, WASHINGTON, D.C., AND JAMES M. WATSON, PRESIDENT-ELECT, EPILEPSY FOUNDATION OF AMERICA, WASHINGTON, D.C.

Mr. MURPHY. First, Mr. Chairman, I would like to introduce my colleagues.

I am James Murphy, Coordinator of Consumer Activities. I am a resident of the State of New York.

On my right is Marion B. Smith, Chairman of the Governmental Affairs Committee of the National Association for Retarded Citizens, a resident of the State of Florida.

Clarke Ross, Director of the Government Affairs Office, United Cerebral Palsy Association.

Dr. James M. Watson, President-elect, Epilepsy Foundation, resident of Oregon.

The three organizations represented here today are nongovernment, voluntary health organizations providing direct services and advocacy to individuals with developmental disabilities and their families through chapters throughout this country.

The recent plan for reorganization of the Department of Health, Education and Welfare Office of Human Development presents in our view serious problems in implementing improved services to disabled American citizens.

Our greatest concern is with the fact that a single individual will be filling the positions of Commissioner of the Rehabilitation Services Administration and Commissioner of the Administration for Handicapped individuals.

We feel that the rehabilitation program, since it is a program with a budget of nearly $1 billion a year, serving thousands of disabled people a year, with a multi-faceted program, warrants the full-time attention of a well-qualified individual.

Of equal importance to us is the position of Commissioner of the Administration for Handicapped Individuals. The person who fills this position will be responsible for overseeing the administration of the Rehabilitation Services Administration, Developmental Disabilities Office, Office of Handicapped Individuals, the Architectural and Transportation Barriers Compliance Board, the President's Commssion for Mental Retardation, and the concluding phases of the White House Conference on Handicapped Individuals.

It seems that the intent of this facet of the reorganization proposal is to provide better coordination for OHD programs dealing with the needs of the handicapped and to provide some better coordination with programs outside the OHD, and outside HEW, which impact on disabled citizens.

We simply feel that with a part-time person doing this job, that the goal is not likely to be reached. We also point to the fact that this person will have limited staff to accomplish HEW coordination, and will really only have less than a quarter of the total federal effort serving the disabled under his administration.

Under the circumstances, it seems unlikely that this person will be able to accomplish effective coordination within HEW, let alone a comprehensive review of all federal programs impacting on the disabled.

We are also concerned that this plan will have an adverse effect on the functioning of the Developmental Disabilities Office.

Up until 1975 that office was part of the Rehabilitation Services Administration. By that time, it became clear that this arrangement was not in the best interests of the functioning of the program.

Congress has moved to separate the DDO from RSA. However, the Administration took steps which accomplished this same goal.

What is most disturbing to us is the fact that in formulating this part of the reorganization plan, no consultation was made with the organizations in the developmental disabilities field.

We feel this flies in the face of earlier experience. We are aware that the Developmental Disabilities Office has received some criticism for its administrative effectiveness. But we don't feel that the approach taken in this reorganiation plan makes it likely that the Developmental Disabilities Office will reach its full potential.

We are also concerned with the setting up of an Office of State and Community Affairs. We have had experience with similar entities in other government agencies, and in most instances they turn out to be primarily nontechnical public relations operations, with no meaningful relationship to policy development and implementation.

We are fearful that the total effect of adding this extra layer of bureaucracy will be to isolate administrators from feedback about the programs that they supervise. We fail to see how that would be in the best interests of making the federal bureaucracy more respnsive to the citizens.

We also question the allotting of 40 people to staff this office. Though we realize that it will have responsibilities relating to organizations like ours, including state governments, we still feel that giving this office such a large allotment of personnel may be part of a pattern of top heavy administration in OHD.

I consider the fact that there are 55 individuals in the Office of Planning, Research and Evaluation, 130 individuals in the Office of Administration and Management, 30 in the Office of Policy Management and Control—compare this with the staffing of the Developmental Disabilities Office, which has 22 individuals assigned to it, and has the responsibility for administering a state grant program, an advocacy system, and national discretionary grant program.

We recommended that the subcommittee closely examine this aspect of the reorganization.

The organizations represented here today were very encouraged by the fact that the Carter Administration announced its intention to make the government more responsive to the aspirations of the citizens.

We were particularly encouraged by the campaign position paper, 'Americans With Disabilities,' which said that in the Carter Administration the HEW officials would be meeting with disabled persons and those who serve them across a conference table rather than across a picket line.

We have been somewhat disturbed that the manner in which the OHD reorganization plan has been presented to us runs directly counter to this announced intention on the part of the Administration.

On July 22 of this year Assistant Secretary Arabella Martinez invited seven representatives of the disabled community to meet with her to have the reorganization plan described to them.

While we agree that these individuals were representative of segments of the disabled community, we do not feel that they represented other sections of it. The Epilepsy Foundation and United Cerebral Palsy were not invited to this meeting.

When the reorganization plan was formally announced, all three of the organizations represented here today sent letters expressing their concerns of the reorganization plan to Assistant Secretary Martinez.

In the case of the Epilepsy Foundation and United Cerebral Palsy, it took over a month to have our letters answered. The Epilepsy Foundation's letter has not as yet been answered.

Assistant Secretary Martinez refers to an August 17 meeting of the OHD reorganization task force, at which the organizations would be provided with an opportunity to express their concerns.

Both of these letters were received after the date of the meeting. The letters were dated August 19 and August 22. The letter referred to an August 17 meeting.

Since that time, we have not received any further communciations from Assistant Secretary Martinez.

Finally, I would like to say that as an individual involved on a day-to-day basis in attempting to stimulate the participation of persons with cerebral palsy citizens, that I find this pattern of not including the disabled in the formulation of reorganization plans most discouraging.

Thank you very much.

Mr. BRADEMAS. Thank you very much for a most interesting and, I am distressed to have to say, revealing statement, Mr. Murphy.

Do any of your colleagues have anything to add to that?

Mr. SMITH. Mr. Chairman, we would simply wish to underscore our fundamental concern with process or lack of process in the preparation and announcement of the reorganization plans which are being discussed today.

Your own office and those of members of the Congress are responsive to citizen input, need and statements of priority. We feel the interest of the citizens we represent would have been and will in the future be better served by involvement in the process. We submit this is our primary concern.

Mr. BRADEMAS. Just to ask you one question, because I think most of the questions I had in mind to put to you, you have answered in your prepared statement.

Have your organizations been consulted by OMB officials, as distinguished from HEW officials?

Mr. ROSS. No, we have not. We received the same kind of involvement that Dr. Bowe mentioned, of usually receiving written information after a decision has been reached, informing us that the decision has been reached.

I might say as a positive example, under the previous Administration we had a lot of problems with the Department of Housing and Urban Development in trying to increase their sensitivity and awareness for the needs of the people with disabilities.

One of the first steps that Secretary Harris took was to establish an Ad Hoc Committee on Housing, independent living for people with disabilities, to involve a wide variety of organizations represented in this room today, and to establish an Office for Independent Living responsible to the Secretary.

This is the kind of positive involvement that really made us enthusiastic in an agency which had never been sensitive to the needs of the disabled.

An agency that one would assume is very sensitive to the needs of the disabled, the Office of Human Development Services, has not reflected that kind of sensitivity or cooperation with the field.

Dr. WATSON. If I may make two points, Mr. Chairman.

In a somewhat positive vein, speaking for Developmental Disabilities, a coalition of that group's interested consumer groups has now met with the Assistant Secretary to state what looks like a very long row of explanation of its points of view, where it is standing and where it has come from.

So, there has started an interchange. Whether the changes that have been proposed are contestable or not has not yet been explained. But nonetheless the dialogue has commenced.

Also, as probably everybody else in this room—I have several heads and hats. As President of the National Conference of Developmental Disabilities Councils, which is to say that organization of 56 mandated agencies around the country who are in effect consumers of national DD policy in the states, I would like on an informal basis to associate that organization with all the commentary that I have heard so far.

We are in fact another consumer of DD policy, and are just as unconsulted state-wide as are the individuals who are in the room representing Washington agencies.

Thank you.

Mr. BRADEMAS. I have no more questions.

Your testimony, as I say, has been very illuminating. I cannot resist observing—this is for the benefit of my friend and a distinguished member of this subcommittee, Mr. Miller of California—that to summarize most of the testimony we have been hearing, Mr. Miller, it would appear that with respect to the reorganization of the Office of Human Development Services in the Department of Health, Education and Welfare, that there has been really no serious effort on the part of either HEW or OMB to consult with the organizations and groups that would be affected by the reorganization.

This morning I had the privilege of being at breakfast with President Carter. We were discussing, among other matters, the broad question of the writing by the Executive Branch of regulations.

Of course, during the campaign that was a matter to which the candidate, Governor Carter then, gave a good deal of attention. Our colleague, Mr. Wright, the Majority Leader from Texas, said that he was well aware that a lot of people liked to write the laws of the land without the inconvenience of running for Congress.

This has been an illuminating morning with respect to that particular attitude.

Dr. Watson, could you tell us when you were called in for consultation? Did you indicate that at one point you had been?

Dr. WATSON. I can't say that we were called in. I think we asked to consult. At a level less than that of reorganization, an explanatory level of where we were—we felt a need for reorganization discussion.

Mr. BRADEMAS. When did you actually meet?

Dr. WATSON. Tuesday, this week.

Mr. BRADEMAS. Well, there is something to be said for calling hearings.

Thank you very much, gentlemen. This has been very helpful.

[Further information follows:]

STATEMENT

RESPECTFULLY SUBMITTED TO THE
SUBCOMMITTEE ON SELECT EDUCATION
OF THE HOUSE COMMITTEE ON
EDUCATION AND LABOR

ON

IHEW OFFICE OF HUMAN DEVELOPMENT
SERVICES REORGANIZATION INITIATIVES

ON BEHALF OF

EPILEPSY FOUNDATION OF AMERICA

NATIONAL ASSOCIATION FOR RETARDED CITIZENS

UNITED CEREBRAL PALSY ASSOCIATIONS, INC.

September 8, 1977

Primary Witness:

James H. Murphy
Coordinator
Consumer Activities Committee
United Cerebral Palsy Associations, Inc.

Accompanied By:

Marion P. Smith
Chairman
Governmental Affairs Committee
National Association for Retarded Citizens
1522 K Street N.W., Suite 506
Washington, D.C. 20005

James M. Watson, M.D.
Presient-Elect
Epilepsy Foundation of America
1828 L Street, N.W., Suite 406
Washington, D.C. 20036

E. Clarke Ross
Director
Governmental Activities Office
United Cerebral Palsy Associations, Inc.
425 "Eye" Street, N.W., Suite 141
Washington,D.C. 20001

The recently announced reorganization of the DHEW Office of Human Development presents, in our opinion, serious problems in the improvement of services to handicapped individuals.

- Dual Administrative Responsibilities

Our greatest concern is the dual role to be played by a single person in assuming the responsibilities of Commissioner of the Rehabilitation Services Administration (RSA) and Commissioner of the Administration for Handicapped Individuals. We are sure this Committee is well aware that the day-to-day operation of RSA requires a well-qualified, full-time person. RSA administers a multi-faceted, nearly $1 billion program which serves as the Federal Government's central focus to rehabilitate employable handicapped adults. Clearly, this major effort, affecting the lives of thousands of handicapped people annually, warrants the full attention of a commissioner.

Of equal importance to us, however, is the position of the Commissioner of the Administration for Handicapped Individuals. Apparently, the Administration for Handicapped Individuals will be responsible for administering the RSA, the Developmental Disabilities Office (DDO), the Office for Handicapped Individuals (OHI), the Architectural and Transportation Barriers Compliance Board (ATBCB), the President's Committee on Mental Retardation (PCMR), and the final stages of the White House Conference on Handicapped Individuals (WHCHI). If this is the case, not very much has been accomplished at all. Many national organizations representing handicapped persons, including our own, endorse the concept of a Federal agency which is responsible for intra- and inter - departmental planning, policy coordination, research and legislation related to issues on handicapped people. The recent reorganization obviously falls far short of this goal.

It is extremely important to realize that, to the best of our knowledge, those programs included under the reorganization in the Administration for Handicapped Individuals make up far less than 25% of the Federal effort on behalf of handicapped Americans. If DHEW is serious about planning and coordinating all Federal programs for handicapped people, and we hope they are, surely they must realize that this recent reorganization just won't do the job. A part-time Administrator simply could not do justice to this very important effort.

We could spend hours discussing with you the many Federal programs that currently work at cross purposes to one another, those that require close coordination and others that are simply not effective. For DHEW to come to grips with these problems within DHEW alone, requires not only a full-time Administrator but a strong policy and planning staff. Additionally, the reorganization promises a serious review of other governmental programs, ranging from housing to commerce, transportation to civil defense, employment to retirement, and civil rights to consumer affairs. To provide less than a full-time staff and full-time leadership would be a sham to our handicapped citizenry.

In addition to the effectiveness of the Administration for Handicapped Individuals and the RSA, other OHDS programs for the handicapped may be adversely affected. For example, in 1975, the Congress, DHEW and organizations interested in the field of developmental disabilities all agreed the Developmental Disabilities program, after 4 years of experience and study, should be transferred from the supervision of RSA and made an independent agency. The Congress was prepared to effect this change legislatively, but the Administration made the shift voluntarily, thus negating the need for legislation. Everyone involved

in the Developmental Disabilities program, such as the National Association for Retarded Citizens, United Cerebral Palsy Associations, Epilepsy Foundation of America, National Society for Autistic Children, and the National Association of Coordinators of State Programs for the Mentally Retarded, heartily endorsed this move. Now the new Administration, without seeking advice from the voluntary organizations, has completely reversed our previous efforts.

The administrative performance of the Developmental Disabilities Office has been questioned by several entities both inside and outside of the Administration. The DDO's performance level is unlikely to improve and the office is unlikely ever to reach its potential under the OHDS reorganization plan - how can it when the office will receive even less top management attention?

We certainly question DHEW's motivation for this change. They have obviously chosen to disregard past experience. One can understand a new Administration's desire to reorganize, but it is most difficult to accept reorganization that flies in the face of all previous planning.

- Office of State and Community Affairs

We have concern with the new Office of State and Community Affairs as an entity which potentially diverts OHDS personnel and citizen participation from actual program administering agencies. This office is to be an advocate for citizen participation, for utilization of volunteers, and for vulnerable populations. During the past decade we have experienced a variety of frustrations and non-productive relationships with offices of "community affairs", "consumer affairs,""volunteer affairs," "public information," and "citizen participation." Whatever their titles, they are primarily nontechnical public relations operations with no meaningful relationship to or understanding of policy development

nor program implementation. These offices have served few needs other than operating as substantial obstacles to real citizen participant in government. Assistant Secretary Martinez, in an August 22, 1977 letter to UCPA, stated that "this new unit will not create a barrier between constituent organizations and program managers. The technical interactions you refer to in your letter will take place as they have in the past." We continue to have our doubts and we encourage this subcommittee to pursue this further with the administration.

We also question the set aside of 40 personnel for this new office. We recognize that this office has additional responsibilities for such activities as intergovernmental operations, technical assistance to state and local governments, and regional offices. But OHDS seems somewhat top heavy in management with 55 persons in the Office of Planning, Research, and Evaluation, 130 persons in the Office of Administration and Management, and 30 persons in the Office of Policy and Management Control. Compare this, for example, to the Developmental Disabilities Office (DDO) with an understaffed office of 22 persons. The DDO has line item responsibility for administering a state formula grant program, a protective and advocacy system, and a national significance discretionary grant program. We recommend that the subcommittee examine this staffing allocation.

- Sheltered Workshop Advisory Committee

In a related matter, we wish to bring to the attention of this subcommittee the recent action by the Department of Labor, in compliance with President Carter's directive to reduce the number of advisory committees, to terminate the Advisory Committee on Sheltered Workshops. This committee served as the major vehicle for consumer input to the Department of Labor on matters relating to wages and other important

matters dealing with sheltered employment. The Advisory Committee on Sheltered Workshops also recently had been involved in Department of Labor activities relating to wages and employment relationships of residents of institutions and group homes.

Our organizations view these past efforts as important and worthy of continuation; as such, we urge this committee to support the re-establishment of this valuable Advisory Committee.

- Consumer and Outside Agency Involvement

Our three organizations were highly pleased when Presidential candidate Carter, in his position paper "Americans with Disabilities," pledged that in the future DHEW officials would meet handicapped persons, and organizations representing them, around the Conference table if he was elected President. We were particularly pleased because in the previous administration the needs of the handicapped in DHEW administered programs had often been overlooked or improperly addressed.

However, we have increasing concern over lack of consumer participation in designing and administering DHEW programs for the handicapped.

In the interest of brevity we will cite only a few examples of lack of consumer involvement in OHDS programs. On July 22, 1977 the Assistant Secretary of OHDS called a meeting of representatives of the handicapped with one day notice. The meeting was limited to individuals who while vitally concerned and interested did not necessarily represent the thinking or positions of major national organizations concerned with the handicapped. The purpose of this meeting was to inform to handicapped "community" of the reorganization of OHDS.

As soon as the reorganization of OHDS was made public, EFA, NARC, and UCPA wrote to Arabella Martinez, Assistant Secretary for Human Development, expressing major concerns with the reorganization plan - concerns we are expressing to you today. The United Cerebral Palsy

Associations letter was sent July 27 and acknowledged August 22. The National Association for Retarded Citizens letter was dated July 28 and acknowledged on August 19. The Epilepsy Foundation of America's letter was sent August 5 and, to date, no reply has been received. The acknowledgement to both NARC and UCPA's letters stated:

> "The OHDS Reorganization Task Force, which is chaired by Frank Newgent, Deputy Assistant Secretary for Human Development Services, will have its first meeting on August 17. As you know, this effort will provide for the involvement of members of Congress and their staffs, constituent organizations (such as yours) and employee unions. I anticipate a lively debate of the issues, as your letter and feedback from others concerned parties indicates."

We found it of interest that letters dated August 22 and August 23 mentioned an upcoming meeting to be held on August 17! We would also suggest that this subcommittee inquire to determine which members of Congress and which constituent organizations were actually involved in this meeting.

Conclusion

NARC, UCPA, and EFA believe that key deficiences exist in programs serving handicapped people within the jurisdiction of the Office of Human Development Services. Yet, regretably we seem to find fewer opportunities to provide meaningful input in this administration than in the previous one. This fact is not only disappointing, but indeed it is surprising, in that it is not consistent with public statements made by President Carter and Secretary Califano.

We encourage the House Subcommittee on Select Education to express its concern to the Administration for meaningful citizen participation in reorganization efforts and to closely monitor DHEW initiatives in this area.

Mr. BRADEMAS. We will call on the members of our next panel, Mr. James Gashel, the Chief of the Washington Office of the National Federation of the Blind, Washington, D.C., Mr. Ted Hipkens, Director of the Association of Rehabilitation Facilities of Washington, D.C.; Mr. Irvin P. Schloss, Director of Government Relations, American Foundation for the Blind, Inc., Washington, D.C.; and Carl Hansen, President of the National Rehabilitation Association, Washington, D.C.

As I understand it, gentlemen, each of you is going to make a brief statement and then Mr. Miller and I can put questions to you. Allow the Chair to observe that he hopes that members of this panel will understand if the Chair has to leave shortly because the Speaker has asked him to be over on the Floor on a bill that is under consideration.

I will ask the gentleman from California, Mr. Miller, to take over the Chair at that point.

Would you like to begin, Mr. Gashel.

PANEL OF JAMES GASHEL, CHIEF, WASHINGTON OFFICE, NATIONAL FEDERATION OF THE BLIND, WASHINGTON, D.C.; TED HIPKENS, DIRECTOR, ASSOCIATION OF REHABILITATION FACILITIES, WASHINGTON, D.C.; IRVIN P. SCHLOSS, DIRECTOR, GOVERNMENT RELATIONS, AMERICAN FOUNDATION FOR THE BLIND, INC., WASHINGTON, D.C., AND CARL HANSEN, PRESIDENT, NATIONAL REHABILITATION ASSOCIATION, WASHINGTON, D.C.

Mr. GASHEL. Thank you very much, Mr. Chairman. I will hurry along with my statement. I certainly understand your need to push along with things.

We certainly appreciate the opportunity to come before the subcommittee for these hearings on OHD reorganization. There are essentially four points I would like to make very quickly.

First, we do not agree with the rationale which is used to justify the reshuffling of the operating components within OHD. Nothing is eliminated and bureaucracy is added.

If efficiency and improved management are going to be the result, we can predict that there will soon be the call for the establishment of new and very elaborate reporting systems, more paperwork.

There will be much emphasis on coordinating. But one wonders, as I think you have, about accountability and productivity when we get down to the level of people.

It is our judgment that RSA leadership will probably suffer under the new organizational arrangement. Since the transfer of RSA from SRS, the Commissioner's responsibilities have been focused on managing the nearly $1 billion state-federal vocational rehabilitation program and related programs.

The new plan would give him five additional units to manage, thus effectively restricting his ability to provide full-time leadership to RSA.

The second point is with respect to the overall expansion of OHD.

Bigness has brought on this reorganization. Perhaps we should be looking at shrinking OHD, rather than reorganizing it. In the

future this may be necessary, and we may be finding ourselves facing a situation very similar to that which occasioned the transfer of RSA from SRS. Only this time the new umbrella is OHD's.

Point number three. We believe that something has to be done to check this expansion of OHD. I suppose that you might call nearly everything that HEW does a sort of human development service. But the line has to be drawn somewhere.

For example, we object to the expansion of OHD into the area of providing technical assistance, meaning technical assistance to recipients of federal financial assistance, to help them in compliance with Section 504 of the Rehabilitation Act of 1973. We think this is a civil rights function, not a rehabilitation responsibility.

Officials who administer programs serving the handicapped should not be regarded as the only ones who know something about Secton 504 compliance. In fact, the civil rights staff ought to be the primary experts.

The old notion that those who serve the handicapped are the only ones who understand them is wrong.

Point number four, and finally, on the point of consultation—the fact that we were not consulted as the National Federation of the Blind on this reorganization is inexcusable. It is also inconsistent with President Carter's campaign statements about open government and his statements to plan policy jointly with the handicapped.

There was also little or no consultation, while we are on the subject, when SRS was abolished earlier this year.

I hope that the new Administration will read the record of 1970 to 1971 when the Nixon Administration attempted to abolish the Office for the Blind and Visually Handicapped without consultation. The effort was not successful, drawing outrage from the blind community and the Congress.

We do not know what is being planned for the next stage of reorganization, say reorganization within RSA, for example. But the rumors of change are in the wind. Perhaps these hearings can help bring that out, and correct the problems of nonconsultation in the past.

Mr. Chairman, these are the comments I would make and at this point turn the panel over to my colleagues.

Mr. BRADEMAS. Thank you, Mr. Gashel.

Mr. Hipkens?

STATEMENT OF TED HIPKENS, DIRECTOR, ASSOCIATION OF REHABILITATION FACILITES, WASHINGTON, D.C.

Mr. HIPKENS. I am Ted Hipkens, currently Director of the Association of Rehabilitation Facilities, an organization containing a broad range of membership agencies designed and operated to serve the severely handicapped. The membership includes inpatient and outpatient units, workshops, facilities for children, services for the mentally disabled, etc.

They have long since learned that with the severely handicapped, although there are multiple and varied obstacles to their habilitation or rehabilitation, the principles involved in assisting them are

the same, no matter the tag that some well-meaning practitioner may have ascribed to them.

Although I speak to you today as an association executive, the majority of my professional life has been spent on the production line, where services are delivered and where the payoff of a national policy takes place, for better or worse.

My testimony today will be brief. We do respectfully request that a more lengthy dissertation, previously submitted, be received into the record.

Mr. BRADEMAS. Without objection, it will be included.

Mr. HIPKENS. There is every evidence that there is room for improvement in the nature and amount of assistance currently available to the severely handicapped. We would acknowledge that congressionally mandated directives to the state-federal program of vocational rehabilitation have resulted in commendable movement in that direction.

The Developmental Disabilities Act and the Education for all Handicapped Children Act have further opened the door. As a consequence of much of this, we are seeing the move by more traditional people-serving entities—public schools, social agencies, community hospitals—towards serving more and more of the less severely handicapped.

This is good and is to be encouraged, for in addition to its integrating and mainstreaming effect, it makes way for us to pay more constructive and special attention to the very severely handicapped whose complex needs can never be properly or totally met by these more traditional agencies.

The recent reorganization of the Office of Human Development Services is certainly a step along the way, or perhaps an interim improvement, pending a more thorough overhaul covering a wide spectrum of services.

OHDS is to be particularly commended on its clearly stated baseline: One, to focus on the whole person; two, to focus on the whole family; and three, to focus on the whole community.

For there is ample evidence that in serving the severely handicapped one faces an intermix of obstacles that makes narrow, unilateral action worthless. We applaud this stand.

We are a little concerned, however, that even for an interim operation, that the grouping of key staff functions at the assistant secretary level may result in the administration heads being reduced to the role of chief operating officers, rather than of chief executive officers of programs they are charged with managing.

We submit that this could lead to little more than supervisory or custodial management rather than the leadership management that these vital programs require. We hope that this issue will be carefully reviewed.

In order to translate this laudable baseline into a coherent delivery matrix down on the production line where service is delivered, we must begin with much greater coordination at the top policy making level, particularly among such disparate areas as education, health care, labor-oriented training and placement, and social services, etc.

There is a need for firm broad policies at this level, as well as appropriate consequent regional and state level postures and performance that would guarantee the viability and integrity of a structure at the operating level that would facilitate and guarantee such things as provision of the right mix of services, as-needed continuity of care, and sensitivity to changing needs.

This requires a production line agency where their sole mission and responsibility is to provide appropriate and comprehensive rehabilitation services to all severely handicapped persons, no matter their age, diagnostic tag or other artificial categorical designation.

On balance, at least at this point in time, the existing agency which has the greatest experience, is most attuned to this special case-management concept that requires focusing on and with the handicapped person, a myriad of diverse modalities; this existing agency, with some components, is the federal-state program of vocational rehabilitation.

Broadening the role and responsibilities of this program by rearranging missions and organizational structure would be, of course, only the beginning. With a broadened program would come the need for access to a wider range of resources, some now currently controlled by other categorical agencies; such things as health care dollars, education resources, Labor Department monies, to name a few.

The case manager would need the capacity to call upon these diverse resources, as appropriate, in order to bring to bear on his clients's problems, the right services, the proper amounts and in an integrated fashion, in order to facilitate the client's earliest and optimal habilitation or rehabilitation.

The principles are the same whether the patient is a severely birth-damaged infant, a profoundly retarded preschooler, an emotionally disturbed adolescent, a seriously injured worker, or a senior citizen who has suffered a massive stroke.

Our previously submitted formal paper treats much of the foregoing in considerably greater detail. We would hope that as the various components of government go about their consideration of various reorganization options, that we might be permitted and encouraged to provide constructive input to their deliberations.

We appreciate the opportunity to present our views here today on this topic of such vital concern to so many of our citizens.

Mr. BRADEMAS. Thank you very much, Mr. Hipkens.

[The statement of Mr. Hipkens follows:]

ASSOCIATION OF
REHABILITATION
FACILITIES

5530 WISCONSIN AVENUE, SUITE 955, WASHINGTON, D.C. 20015 TELEPHONE (301) 654-5882

Director
T.P. Hipkens

WRITTEN TESTIMONY

OF THE

ASSOCIATION OF REHABILITATION FACILITIES

BEFORE THE

HOUSE SUBCOMMITTEE ON SELECT EDUCATION

COMMITTEE ON EDUCATION AND LABOR

RE: REORGANIZATION OF REHABILITATION SERVICES

SEPTEMBER 8, 1977

ASSOCIATION OF
REHABILITATION
FACILITIES

REORGANIZATION FOR IMPROVING DELIVERY
OF SERVICES TO HANDICAPPED PERSONS:

- SOME CONSIDERATIONS -- ELEMENTS OF ONE APPROACH -

On May 23, 1977, President Carter announced to the White House Conference on Handicapped Individuals that he planned ". . . to bring all of those programs for the handicapped together into one agency so you can understand them and take advantage of them. . ." On July 1, 1977, a memorandum from the President to the heads of the executive departments and agencies was published in the Federal Register. This memorandum indicated that the reorganization of all programs affecting human services (including presumably programs and services for the handicapped) would be undertaken. This letter is to identify a number of the issues and concerns which should be addressed in the design of a reorganization affecting handicapped people.

First, it is appropriate to note that many reorganization plans are concerned primarily with administrative structure rather than program content. This is on the theory that inconsistencies and conflicts among federal statutes and policies can be resolved if all such programs are placed under a single administration. The proposal for a Department of Energy is reflective of this concept since it preceded the Administration's National Energy Plan and would consolidate the administration of a wide variety of energy-related activities

without addressing, as a facet of the reorganization, the different philosophies which existing agencies and activities reflect.

In the consolidation of programs affecting handicapped people, such an approach offers very limited, if any, potential for the improvement of services or the realization of savings in administrative costs. There is little evidence to support the conclusion that existing programs under the Rehabilitation Act, the Social Security Act, the Developmental Disabilities Act and similar statutes are contradictory in philosophies or poorly administered. There are significant gaps in federal services and programs to handicapped people which require attention, but in the main, they represent deficiencies in legislation and appropriations rather than deficiencies in the administration of existing laws. Accordingly, reorganization of programs affecting handicapped people should proceed toward functional objectives. If it does not, proposals for reform will have limited value for handicapped people and will generally incur the opposition of organizations and agencies representing the handicapped, among others.

In fulfilling its commitment to reorganization of programs for the handicapped, the Carter Administration should, in fact, be concerned with chartering a national policy for handicapped people. At the core of any such policy should be the availability of rehabilitation and support services to all people with handicapped conditions; the objective being to maximize their economic and social independence.

A number of recent developments in federal law and policy are very encouraging. Primary among these are Section 504 of the Rehabilitation Act of 1973 and the regulations issued pursuant thereto, requirements for affirmative action programs for hiring handicapped workers by federal contractors, efforts to eliminate architectural barriers in

federal and federally assisted construction, and the Education for All Handicapped Children Act which offers the potential for significant federal support for special education programs. In general, these developments improve the climate for integration of handicapped people into the economic and social life of the country. The elimination of physical, institutional and psychological barriers to such integration is an integral part of a comprehensive national policy. It is most important, however, that programs to provide the training, health services, and other necessary rehabilitative services be available to insure that the adverse effects of physical, mental and emotional handicaps be reduced to a minimum.

The following issues should be addressed in the design of any new administrative structures:

CHILDREN

The public (federal and state) programs for the diagnosis and treatment of handicapping conditions in children, are inspite of recent progress, spotty and inadequate. Long-standing programs under the Maternal & Child Health Act have been limited largely to orthopedic conditions. Programs under the Developmental Disabilities Act, are limited by funding and the early periodic Screening, Diagnostic & Treatment under the Medicaid Act has not been implemented properly or effectively. The longstanding willingness of all levels of government to ignore the problems and needs of handicapped children has been attacked by a series of law suits and legislative initiatives. At the federal level this change in attitude is most clearly reflected in the Education for All Handicapped Children Act, P.L. 94-142. Heightened awareness of needs and the inadequacy of past efforts has produced political commitments to improvement but has not

produced clear policy as to how the needs of handicapped children are to be met. P.L. 94-142 suggests very strongly that the school systems of the country should have the fundamental responsibility for not only educating children with handicapping conditions, but also for providing (or arranging for the provision of) the related medical and social services which are essential to a comprehensive rehabilitation effort. This reflects the fact that educational systems have fundamental responsibilities to such children and that no other institution has filled this role. It does not, however, reflect the capacity on the part of most school systems to provide comprehensive rehabilitation programs either directly or through case management. In fact, the best experience and talent for such case management is to be found in the state rehabilitation agencies and rehabilitation facilities. The Vocational Rehabilitation system, because of its statutory orientation to vocational services, generally has not addressed the needs of children until such children reach their mid-teens. It now appears that the school systems of the country are being mandated to duplicate capacities which already exist in state rehabilitation agencies and rehabilitation facilities. This is a basic mistake which should be rectified by a clear federal policy to involve the rehabilitation system in the provision of services to children. Corollary to this is a need for financing of such an effort. Existing programs provide little financial assistance for comprehensive rehabilitative services to children. It is not realistic to assume that such programs can be or will be supported by the educational systems which are afflicted with financial difficulties unrelated to this problem.

The Medicaid program is limited in application (to children from poor families) whereas the cost of providing a comprehensive program for a handicapped child raises the threshold for medical indigency well into the middle-class.

Because early intervention and treatment can drastically reduce the handicapping conditions of children which otherwise have lifelong implications, it is suggested that first priority in the redesign or expansion of programs for the handicapped be addressed to the needs of children.

INDEPENDENT LIVING

While the Rehabilitation Act purports to give priority to the provision of services to severely handicapped people the statute retains a requirement that people receiving services beyond the evaluation stage be determined to have vocational potential. This means that many severely handicapped people who could lead far more independent lives with less of a burden on their families or public programs are precluded from receiving services under the Rehabilitation Act. There are no other public programs which fill this void. Comprehensive rehabilitation services should be available to all people who can benefit from them whether such individuals have vocational potential. Whether such services should be provided under the Rehabilitation Act or otherwise there is no question that under present circumstances many handicapped people live with a far higher degree of dependency than is necessary. This should be rectified.

LONG TERM CARE

Related to the inadequacy of services geared to independent living is the chronic problem of long term care. The proliferation of nursing homes in response to public programs to finance their services creates strong pressure to maintain this approach to care for aged and infirm people when in fact, many people who are currently in nursing homes could live independent lives in the community if proper rehabilitative, medical and social services were available to them. As with most programs for financing health care there is a strong bias in the present programs for having elderly and disabled people in nursing homes even though there is plenty of evidence that there are less expensive and more humane solutions.

DEINSTITUTIONALIZATION

As with nursing homes, there is a bias in most federal and state programs for maintenance of mentally retarded and emotionally disturbed people in institutions. There is a strong movement away from this approach, but most often it is reflective of the desire of public bodies to cut costs of institutional maintenance rather than to provide more effective programs for people. Getting people out of institutions is a valid objective, but a necessary ingredient of such a policy must be the provision of social, psychological, medical, and other rehabilitative services in the community. The Community Health program and the capacity of rehabilitation facilities offer the best available base for the expansion of such services.

COMMUNITY SUPPORT SYSTEMS

Through all of these runs a clear call for the improvement, establishment and appropriate use of community support systems. Long Term Care as a narrowly focused (nursing Home) activity or Deinstitutionalization per se cannot provide the needed care without multi-tiered, integrated community support systems.

RESEARCH

It's safe to assume that we're still a long way from having learned how to best serve handicapped persons. There is room and need for more constructive and timely resting in the archives midst technical journals or in the awareness of a few cognoscente.

SUMMARY

President Carter said that he planned "...to bring all of those programs for the handicapped together into one agency so you can understand them and take advantage of them....It is assumed that he was primarily interested in better service and not just reorganization for its own sake.

It is agreed that some reshuffling of boxes at the national level might lead to better Federal coordination. There is, however, a much more urgent need for better Case coordination or Case management at the State and local level (where service delivery takes place).

At the operating level, there are examples in some states of very good case management by Vocational Rehabilitation Agencies. Any barriers present have been a reflection of jurisdictional or fiscal limitations (limited medical care dollars, indigency requirements, etc.).

Basically, however, they have been able to focus on a severely handicapped individual and bring to bear the right mix of needed services in an appropriate and timely fashion. Reduction of jurisdictional or fiscal constraints would enhance their capacity to pursue this method with greater effectiveness. Some regional demonstrations or experiments to this end might be one way to develop a better way to provide the needed service and respond to President Carter's commitment in the process.

On the following pages is one approach to improved Federal Coordination:

A FEDERAL AGENCY FOR THE HANDICAPPED

Persons responsible for making recommendations for improvement of services to disabled individuals through reorganization of the federal government's programs will face several distinct but related problems: First, how to assure that programs designed to meet the basic needs of large populations can be made to serve better the needs of disabled persons; and second, how programs designed exclusively to meet the needs of disabled individuals can be brought into more effective relationships with each other. A third problem is how the agency for the disabled shall relate to other agencies administering programs that are essential to disabled persons, although not designed specifically to serve them. These three problems will be addressed in this memorandum.

In the way of preface, it may be said that disabled people are, first of all, people. They have the same needs that all people have and some additional needs that relate to their disabilities. The federal government is supporting numerous programs designed to meet both classes of need. It is fair to point out, however, that these programs do not flow out of a national policy that spells out these needs and the responsibility of the federal government to assist in meeting the needs. Instead, programs have been initiated and expanded as a result of a variety of pressures. These pressures included personal interest and concern of high officials of the legislative and executive branches of government (including Presidents) as well as pressures from organizations of and for the disabled. Legislative proposals were handled by different committees of the Congress, which legislated under differing traditions and philosophies. The result has been a confusion of definitions, an overlapping of responsibilities, and a proliferation of formulae for distributing federal funds. Many needed corrections can be made only by revision of statutes,

which may be very difficult, particularly in the absence of a national policy for dealing with these matters. A national policy is a foremost need, although some desirable changes do not have to await the development of this policy.

Handicapped Children

The effect of this lack of a national policy is seen in services for the diagnosis and treatment of handicapping conditions in children. Medical and medically related services are provided through the Maternal and Child Health Act, the Developmental Disabilities Act and Medicaid legislation. Educational services are provided through various laws supporting education of disabled children, the latest being the Education for All Handicapped Children Act. This Act wisely suggests that the school systems should have the basic responsibility to provide education and also to provide or coordinate the medical and social services that are needed. It is not clear, however, whether schools are ready to accept this responsibility, and, certainly, they do not have the capacity to do so at this time. Currently, it is uncontestable that there is no organized effort to coordinate the services of the various agencies.

The longest experience and best talent for case management is found in the Vocational Rehabilitation system. Legislation long has broadly defined the disabled individual and authorized services which include education, evaluation, medical and social services. Hence, one finds a far better organized and effective system for meeting the vocational rehabilitation needs of disabled adults than one finds for meeting the needs of children. Consideration should be given to a comparable system for serving children. Vocational rehabilitation agencies serve youth but, without additional authority, cannot serve disabled children.

Long-term Care and Independent Living

Comparable problems are found in attempts to provide independent living services to disabled persons. The vocational rehabilitation agencies may provide extended evaluation to determine potential for rehabilitation, but they cannot provide other services unless there is a reasonable expectation that the disabled person will be employable. There is no program to go ahead and assist the individual to attain goals short of vocational.

In this connection, the problems of disabled people are related to the inadequacy of long term care for the general population. This has resulted in a proliferation of nursing homes, mostly profit motivated, since nursing home services are reimbursable from Medicaid. Because of the lack of a more constructive alternative, many disabled people who could be independent at home are in nursing homes. Caught up in this inconsistency, also, are mentally ill and mentally retarded persons discharged from institutions to communities unable to provide appropriate residential and rehabilitation services. They, too, land in nursing homes, illy suited to help them attain reasonable rehabilitation goals.

Research and Training

As one contemplates reorganization of government, he should be aware, too, of the confusing and overlapping of research and training activities. Many of the programs serving disabled individuals exclusively or in part have funds for research and training of personnel. Each agency develops its own research and training strategy with minimal consideration of the programs of the others. Training programs often accentuate differences in professional approaches, when they should emphasize similarities and relationships. This is a fruitful field for reorganization. It should be emphasized, however, that the need for relevant, well administered research and training is as great as ever.

Some Questions

To bring greater objectivity to some of the problems that have been discussed in general terms, let us pose some questions.

In general, how can education, income maintenance, medical services, employment and social services designed to serve broad populations be made more responsive to the needs of disabled persons.

(a) How can medicaid better serve the long-term medical needs of chronically ill and disabled people?

(b) How can the ability of rehabilitation facilities to qualify as deliverers of medicaid services (particularly out) be facilitated?

(c) What arrangements can be made to assure that vocational rehabilitation medical service costs are borne by medicaid, when such is clearly legal. Why cannot a transfer of funds be authorized or letters of credit be issued?

(d) How can the quality of medical care in the various federally supported programs be upgraded and made uniform?

(e) How can social service funds be used more effectively to serve the needs of the mentally ill and mentally retarded? Substantial sums are being used for the mentally retarded but with no identifiable pattern. Very little social service money is expended on the mentally ill.

(f) How can relationship between mental health, social service, and vocational rehabilitation be made more effective? The three programs have overlapping responsibilities.

(g) How can federal housing programs be made to serve more effectively the needs of disabled people?

(h) How can education programs for disabled children be more effectively articulated with vocational rehabilitation programs for youth and adults?

(i) How can training and placement function of the employment service and the similar functions of vocational rehabilitation agencies be made more effective?

(j) How should the services supported by the Older Americans Act be coordinated with social service programs?

Reorganization

As already inferred, the mere grouping of programs under one agency will not in itself be effective in the improvement of services. It can be effective, however, if it is consistent with a national policy related to the responsibility of the federal government to disabled people and a careful delineation of agency functions and relationships.

In determining the program to be brought together in an agency for the handicapped, the following classification of these agencies is important.

(1) There is one group of agencies that is designed to serve exlusively handicapped individuals and that now operate at least quasi-independently. These include vocational rehabilitation, developmental disabilities, President's Committee on Mental Retardation, President's Committee on Employment of the Handicapped, Office of the Handicapped, National Industries for the Blind, National Industries for the Severely Disabled, National Architectural and Transportation Compliance Board.

(2) Another group of programs operate under their own legislation and are designed to serve exclusively disabled persons but are operated currently as parts of more general programs. These include: Special Education (OE), Crippled Children's Services (Office of Children's Services), rehabilitation facilities under Hill-Burton(Health Services), Talking Book and Captioned Films (Library of Congress), Disability benefits (SSA), Mental Health (NIMH).

97-210 O - 77 - 4

(3) In a third set of programs, although the disabled may be mentioned in their laws, programs are designed to serve large populations, and disabled persons have the same rights as other people to utilize the services. They include: Social services, employment services, vocational education, general education. In general education and vocational education, a specified percentage of the funds must be expended on education of the handicapped. The employment services are required to serve the disabled, and self support services are mandated under social service legislation.

The New Agency

In establishing an agency for the handicapped, it would seem that there would be almost general agreement that the functions assigned by law to the agencies in group one would be transferred to the new agency, although it could be agreed that the enforcement functions of the Compliance Board are not appropriate functions of a service delivery agency.

The biggest test will come in deciding whether the functions of the agencies in group two are to be transferred to the new agency. Certainly, a good case can be made, for instance, for transferring the rehabilitation facility functions of the health services to the new agency, since the Vocational Rehabilitation Act also provides support for rehabilitation facilities. Likewise, there is much to be said for transferring the functions of the CCS to the new agency, so its activities can be closely related to those of vocational rehabilitation and developmental disabilities. In some states, already special education and vocational rehabilitation are being administered by the same agency. Also, the functions of the mental health centers (service unit of NIMH) is much more closely related to other organizations serving disabled persons than it is to the research program of NIMH.

There is less reason to consider a transfer of the functions of the third group of agencies to the new agency. An exception might be to consider transferring social services for the blind and the totally and permanently disabled to the new agency to facilitate the coordination of social services with the rehabilitation programs (VHLDO).

Coordination

Equally important to disabled people is the coordination of programs for people outside the agency for the handicapped with each other and with the new agency. Certainly, a mechanism for facilitating the development of a unified policy and a coordination of programs should be set up. It should include high level representatives of the department administering the programs discussed in this memo and probably certain others (VR, Department of Defense, etc.). Also, it should include representatives of the public, including disabled individuals. It should have responsibility spelled out in an executive order, and provision should be made for staffing the committee. Its reports should get to the highest levels of the executive and legislative branches.

Location of Agency

If there is not to be an independent agency, the agency for the handicapped should be located in HEW. It should have legal status, as soon as possible, and the authority of its administration should be specified.

With respect to the coordinating committee, one can be less sure of the best location for it. Some have suggested the White House or the OMB, but experience has demonstrated that there is little magic in that approach. In fact, the President, in reorganizing his own office is abolishing or transferring a number of agencies now housed in the White House.

Likewise, experience has shown that a body of this kind can succeed when located in one of the departments whose services are to be affected by it. The President's Committee on the Employment of the Handicapped has always been in the U.S. Department of Labor for housekeeping and general administrative purposes. There, directed by a chairman appointed by the President and a committee of volunteers, it has had minimal policy interference from the Secretary of Labor and is succeeding in its mission. More important than location are the authority and resources given it.

Organization of New Department

The structure of the Agency for the Disabled will be influenced, of course, by the decision as to which programs will be transferred to it. If only those programs in group one are included, clearinghouse, public relations and promotional programs (O for H, PCWR, PCEH) should be drawn together in one division. Enforcement functions (ATCH, if it is included) should be the care of another division. The two direct service grant-in-aid programs should constitute another division. Research, training and special project programs could make a fourth. The Wagner-O'Day programs might constitute a division or be a part of special services (R& T & SP). Legislation and advisory functions should be attached directly to the administrator's office.

If Special Education, Mental Health and/or Crippled Children's Services become a part of the agency, the structure would have to be different. It should be borne in mind that in the structure suggested above, vocational rehabilitation will very likely be dominant in influence since it has at least 75% of all of the program money. If special education and mental health are included there would be a better balance.

If other programs are established in the future, such as independent living services, some reorganization may be required. This memo has taken into account existing programs only and does not assume significant changes in present laws.

Mr. BRADEMAS. Mr. Schloss?

STATEMENT OF IRVIN P. SCHLOSS DIRECTOR, GOVERNMENT RELATIONS, AMERICAN FOUNDATION FOR THE BLIND, WASHINGTON, D.C.

Mr. SCHLOSS. Thank you, sir.

I have submitted a written statement, which I would appreciate having included in the record of the hearing, and will summarize it briefly.

[The statement of Mr. Schloss follows:]

STATEMENT OF IRVIN P. SCHLOSS, DIRECTOR, GOVERNMENTAL RELATIONS OFFICE, AMERICAN FOUNDATION FOR THE BLIND, TO THE SUBCOMMITTEE ON SELECT EDUCATION, COMMITTEE ON EDUCATION AND LABOR, HOUSE OF REPRESENTATIVES, ON THE JULY 26, 1977, ADMINISTRATIVE REORGANIZATION OF THE OFFICE OF HUMAN DEVELOPMENT IN THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SEPTEMBER 8, 1977

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to appear before you on the Administrative reorganization of the Office of Human Development in the Department of Health, Education, and Welfare.

Today, I am representing the American Foundation for the Blind, the national voluntary research and consultant agency in the field of services to blind children and adults, and the American Association of Workers for the Blind, the national professional membership organization of workers serving blind persons. Both of these national organizations have some concerns about the effect this reorganization may have on administration at the federal level of several vital programs for handicapped individuals.

As you know, the Reorganization Order, which was published in the Federal Register of August 1, 1977, was approved by the Hon. Joseph A.

Califano, Jr., Secretary of Health, Education, and Welfare on July 26, 1977, and was made effective immediately upon approval. The Reorganization Order redesignated the Office of Human Development in the Office of the Secretary as the Office of Human Development Services, which is still headed by an Assistant Secretary. It combined a number of statutorily or administratively created functions and units into four staff offices and five major operating units, with each of the latter designated as an "Administration" headed by a Commissioner. Each of the four staff office heads and the five Commissioners of the five Administrations report directly to the Assistant Secretary for Human Development Services.

Our first concern relates to the apparent absence of solicitation of comments from the interested public on this reorganization in advance of its being made effective. While the Executive Office of the President is emphasizing solicitation of recommendations for government reorganization, including the human services area, from the public through letters to organizations and published notices in the Federal Register, it appears that no such effort was made with regard to this important administrative reorganization of human services programs in the Office of Human Development at HEW.

I am aware that a briefing on this reorganization was held at HEW on July 22 for the representatives of several organizations concerned with programs for the handicapped by the Hon. Arabella Martinez, Assistant Secretary for Human Development. However, I have no certain knowledge of who was invited, who attended, or who outside of HEW was consulted during the six months the Carter Administration was in office prior to the

development of the reorganization on which the July 22 briefing was based.

In a statement on the reorganization issued July 26, 1977, Assistant Secretary Martinez stated: "I have appointed a high-level task force to plan and implement the transition of the new organization. The task force, which will be chaired by Deputy Assistant Secretary Frank Newgent, will work closely with both Headquarters and Regional program staff, members of Congress and their staffs, relevant constituent organizations and employee unions. It is anticipated that the transition will be completed by January 1, 1978."

Since the Reorganization Order became effective upon approval by the Secretary on July 26, 1977, it appears that consultation with the Congress, consumer groups and others is too late to have any effect on determination of the new organizational structure and will, in fact, be limited to consultation on planning and implementing the transition to the new structure.

A major concern is the apparent downgrading of the Rehabilitation Services Administration, which, under the Reorganization Order, is now a component of the Administration for Handicapped Individuals. Although the Reorganization Order and documents of the Office of Human Development dated June 1977 and July 26, 1977, which contain tables of organization, clearly state that the Commissioner of the Rehabilitation Services Administration shall also serve as the Commissioner of the new Administration for Handicapped Individuals, it appears to us that this individual is reporting to the Assistant Secretary for Human Development Services in the latter capacity only and not in a dual capacity.

This impression appears to be substantiated by the tables of organization and text in the documents previously cited. For example, two of the components of the Administration for Handicapped Individuals--the Architectural and Transportation Barriers Compliance Board and the Office for Handicapped Individuals Advocacy--are described in the text as continuing to report to the Assistant Secretary for Human Development Services and are depicted graphically in the tables with a solid line to the Assistant Secretary and a broken line to the Commissioner of the Administration for Handicapped Individuals.

On the other hand, the textual explanation of the reorganization does not state that the Commissioner of the Rehabilitation Services Administration shall report directly to the Assistant Secretary; and the graphic depiction in Exhibit 7 of the June 1977 document and the attachment headed "Administration for Handicapped Individuals" of the July 26, 1977, statement clearly show the Rehabilitation Services Administration as a subordinate unit of the Administration for Handicapped Individuals connected to it by a solid line.

In view of the statutory language and Congressional intent of the Rehabilitation Act of 1973 transferring the Rehabilitation Services Administration to the Office of the Secretary, I would question whether the legal requirement is met simply by having one person occupy two positions and apparently reporting to the Assistant Secretary only in his capacity as head of the Administration for Handicapped Individuals, a superior unit interposed between Rehabilitation Services Administration and the Assistant Secretary.

Another major area of concern relates to the effects of the reorganization on the authority of the Commissioner of the Rehabilitation Services Administration with regard to discretionary grants for research, demonstration, training of personnel, and special projects. As you know, Mr. Chairman, the legislative history of the Rehabilitation Act of 1973 revealed examples of violation of the statutory purpose of discretionary rehabilitation grants when RSA was under the Social and Rehabilitation Service administrative superstructure. Public Law 93-516, the Rehabilitation Act Amendments of 1974, clarified this issue again. Although statutory and Congressional intent are clear, we know that exercising routine administrative functions with regard to grants at the Office of Human Development Services level can easily slip into making policy decisions in the grant process, authority specifically reserved for the Rehabilitation Services Administration. We are not encouraged by the listing in Exhibit 5 (Consolidation of OHD Programs) of the June 1977 OHD document of "Research, Demonstration, and Training," as if it were a function of the Administration for Handicapped Individuals rather than the Rehabilitation Services Administration. It will undoubtedly be necessary for this Committee to exercise its oversight function periodically to assure that the OHDS superstructure does not gradually usurp grant-making authority from its various constituent agencies--not only those principally related to handicapped individuals.

A fourth concern is the apparent loss of personnel among several of the constituent agencies of the Office of Human Development Services compared with the pre-reorganization complement of personnel attributed to them or their component units by the OHD reorganization documents. These documents

do not contain a straightforward explanation unit by unit of a transfer of some personnel or of a reduction in force. We would recommend that the Committee elicit this kind of specific information from Department witnesses when they testify on the reorganization.

In summary, Mr. Chairman, we have expressed a number of concerns which the July 26, 1977, reorganization of the Office of Human Development has raised. These are: (1) apparent lack of wide public consultation or solicitation of public comments prior to the effective date of the reorganization; (2) apparent subordination of the Rehabilitation Services Administration to the newly-created Administration for Handicapped Individuals contrary to statute and Congressional intent; (3) possible usurpation of grant-making authority from the Rehabilitation Services Administration by the Administration for Handicapped Individuals or the Office of Human Development Services; and (4) apparent reduction or transfers of personnel in several of the major constituent agencies of the Office for Human Development Services. We hope that the Committee will raise these concerns with Department witnesses when they testify on the reorganization.

Mr. SCHLOSS. I am representing the American Foundation for the Blind and the American Association of Workers for the Blind. Both of these organizations would like to express a number of concerns which the July 26 reorganization of the Office of Human Development in HEW has raised.

Our first concern deals with the obvious lack of consultation with outside interest groups, or solicitation of comments from the interested public in advance of the announcement of the reorganization.

Other witnesses have gone into detail. I won't elaborate on that, except to say that this lack of solicitation of public comment or recommendations does contrast with the procedure of the Executive Office of the President, which through publication of announcements in the *Federal Register* and through letters to organizations and others has solicited recommendations for reorganization, including the human services area.

A major concern that we have deals with the apparent downgrading of the Rehabilitation Services Administration by interposing another administrative level, the Administration for Handicapped Individuals, between RSA and the Assistant Secretary for Human Development Services.

This, we believe, is of questionable legality, despite the fact that the Commissioner of RSA and the Commissioner of the new Administration for Handicapped Individuals is to be the same person.

The Rehabilitation Act of 1973 very clearly indicates that Rehabilitation Services Administration and its commissioner is to report directly to the Office of the Secretary, and authorizes reporting to an assistant secretary.

The reorganization order itself, the one published in the Federal Register on August 1, and the amplifying documents prepared by the Office for Human Development, clearly indicate through tables of organization and through textual explanation that it is the Commissioner of the Administration for Handicapped Individuals who will be reporting to the assistant secretary, not the Commissioner of RSA.

We have additional substantiation of this conclusion through the other explanations and graphic depictions in the table of organization, of broken lines for the Office of Handicapped Individuals to the Commissioner of the Administration for Handicapped Individuals, with solid lines for their reporting directly to the Assistant Secretary for Human Development.

The Architectural and Transportation Barriers Compliance Board is treated in the same way.

Mr. BRADEMAS. Mr. Schloss, I apologize, but I must interrupt you because we are in the middle of a roll call vote. I will have to recess the subcommittee at this point until we have voted, and then we shall resume.

Mr. SCHLOSS. Yes, sir. Thank you.

[Brief recess.]

Mr. MILLER. We will reconvene the hearing.

Mr. Schloss, you were interrupted so that we could go take a vote. Would you like to finish?

Mr. SCHLOSS. Yes, sir.

Before the recess I expressed the concern of the two organizations I am representing about the downgrading of the Rehabilitation Services Administration.

Our third concern, a major one, stems from that apparent downgrading as well; and it deals with the question of research authority, the responsibility for discretionary grants for research, demonstration projects, the special project programs under Title III, and personnel training under the Rehabilitation Act of 1973.

The legislative history of the Rehabilitation Act of 1973 certainly revealed a lot of examples of how, under the SRS superstructure, the grant-making authority for these discretionary programs was usurped, if you will, by the SRS superstructure. Grants were not necessarily, although they came out of the rehabilitation budget, devoted to activities for fostering rehabilitation of handicapped persons.

With the interposing of an Administration for Handicapped Individuals level, we do have some concern as to whether the same thing might not happen again. There is no clearcut explanation in the documents released by the Office of Human Development Services on the functions of the various staff offices at the OHDS level.

We would wonder about what the function of the Office of Planning, Research and Evaluation will be with regard to these discretionary grant programs, and what the function of the Office of Administration and Management will be with relation to these programs.

The law and congressional intent are very clear and say that the Commissioner of RSA is to have the authority for making policy decisions with regard to the discretionary grant programs, whereas the staff offices and other levels presumably are to deal with routine administrative matters related to the grant process.

But, we believe that this is a question which bears watching in view of past history.

A fourth concern that we have deals with what is happening to personnel in all of the component agencies of the new Office of Human Development Services.

The documents released by OHDS which indicate various levels of personnel are not detailed enough to indicate whether there are, in fact, reductions in force or transfers which seem to be the case—if you add up some of the figures.

In fact, as a specific example, Rehabilitation Services Administration, prior to the reorganization, is shown to have a personnel complement of 496, including regional office staff. After the reorganization it has a complement of 450 people. This is true for some of the other major component operating agencies—the administrations—in the new OHDS. We believe that department witnesses should be asked to give detailed information on the personnel complements prior to the reorganization of the various units and after the reorganization.

I would like to raise just one more point, if I may; that is, where will the funds be coming from to staff the offices at the OHDS level and other staff components at the five administration levels.

The question is whether program funds are going to be devoted to this kind of activity and, if so, it would appear that the purposes of the authorizing legislation in actually serving people at the grass roots level may be diminished as a result.

In conclusion, Mr. Chairman, I would respectfully ask that the committee, when officials of the department testify on the reorganization, raise some of the questions that we have raised. Perhaps they can allay some of our concerns.

There is no question in my mind that we have been confronted with a fait accompli. The Federal Register announcement clearly says that the reorganization order is effective immediately, the date of signature by the Secretary being July 26.

So, we do hope that some of the concerns we raised will be asked of department witnesses, so that all of us who are interested in the programs housed under the new Office of Human Development Services can get the kind of detailed information as to what direction these programs will be taking.

Thank you.

Mr. MILLER. Thank you, Mr. Schloss.

Mr. Hansen?

STATEMENT OF CARL HANSEN, PRESIDENT, NATIONAL REHABILITATION ASSOCIATION, WASHINGTON, D.C.

Mr. HANSEN. Thank you.

I am Carl Hansen, President of the National Rehabilitation Association. I appear before you today on behalf of our approxi-

mately 30,000 members that are interested in the rehabilitation of handicapped citizens in this country.

Your committee has already been presented in written form our comments that have been developed by our organization.

My purpose today would be just to try and highlight some of those major points that we feel to be important.

[The statement of Mr. Hansen follows:]

STATEMENT OF THE

NATIONAL REHABILITATION ASSOCIATION, INC.

PREPARED FOR THE

SUBCOMMITTEE ON SELECT EDUCATION

OF THE

HOUSE COMMITTEE ON EDUCATION AND LABOR

IN HEARINGS CONDUCTED

ON THE REORGANIZATION OF THE OFFICE OF HUMAN DEVELOPMENT SERVICES

SEPTEMBER 8, 1977

Mr. Chairman, I am Carl Hansen, President of the National Rehabilitation Association. I appear before you on behalf of the Association and in support of the implementation of the Rehabilitation Act of 1973 as Amended. We believe the Act provides a well rounded program of services for the handicapped and are delighted to be able to further attempt to support the intent of Congress as reflected in the Act through participation in these hearings.

The National Rehabilitation Association's membership of approximately 30,000 individuals has been represented before this subcommittee on many occasions during its 52 years of existence and we feel certain that the impact of our Association on the Rehabilitation movement in general and on the lives of handicapped people particularly is significant, second only to the impact of this subcommittee.

Congressman Brademas, we would like to personally commend you once again for your prompt, decisive action in conducting hearings on the reorganization as it affects the Rehabilitation Services Administration. Your action, as has been true for many years, is vital to the lives of the handicapped and your continued interest and leadership in the promotion of improved programs for the handicapped is most assuredly recognized and sincerely appreciated by those of us who also work in support of the handicapped, as well as by the handicapped themselves.

At this time I would like to restate the Association's goals as follows:

"As a result of physical disability, mental retardation, or emotional illness, certain of our citizens are at a disadvantage

in their efforts to achieve equality in the pursuit of life, liberty and happiness. Their inability to live normal lives is frustrating to them individually and often imposes an economic burden upon family, community and nation. Rehabilitation is a broad social movement through which the American people help their impaired fellow citizens remove or overcome obstacles which prevent or threaten their independent living, productive and satisfying lives."

The National Rehabilitation Association has been a leader, as previously stated, in this rehabilitation movement and is dedicated to this goal of equal opportunity for handicapped individuals. This goal, at present we consider critically threatened by two significant problem areas: one relative to organization of the State/Federal rehabilitation program at the state level, and two, the organizational structure at the Federal level for the rehabilitation program and the further centralization of program and support activities at the Federal level by the proposed reorganization of the Office of Human Development. In this presentation we address only the second concern.

Our first impression is that the proposal is intended to be administered in isolation since it apparently ignores the forthcoming proposal from the President to reorganize human service programs. It is difficult to understand why this proposal was developed prior to the completion of the President's proposal. Almost certainly in the President's plan, consideration will be

given to the transfer of some programs for handicapped individuals now administered in other agencies to the new agency for the handicapped. This might influence significantly the kind of administration set-up that would be most effective.

This proposal as it stands can do nothing except dilute the activities of the Commissioner of Rehabilitation Services Administration as well as the activities of the Rehabilitation Services Administration itself. We also believe that it is the first step toward further de-emphasis of the Rehabilitation Services Administration activities and the direct program activities mandated under the Rehabilitation Act of 1973 as Amended, and, therefore, de-emphasis of programs for handicapped individuals of this nation. For example under this proposal, members of non-program staff would oversee program management, program activities, research and demonstration proposals, etc. and would weigh the priorities of the Office against the priorities of other programs in the Office without appropriate consideration of the desires of professional expertise developed over years of practice of program people. In addition, the new proposal obviously draws staff, funds and authority from the Office of Human Development intended for the programs. The parallels between the history of the disastrous Social and Rehabilitation Service and the course proposed by the Office of Human Development is obvious.

Looking back at the past few years, when the Social and Rehabilitation Service was established in 1968 the Department of

Health, Education and Welfare itself was barely emerging from its formative stage. The Department of Health, Education and Welfare was still struggling to bring into some rational administrative system the sprawling programs of health, education and welfare which, in many cases, had institutional histories dating back almost to the founding of the republic.

The highly regarded head of the vocational rehabilitation program assigned to the leadership of the new Social and Rehabilitation Service, Mary Switzer, was intended to provide a rehabilitation thrust to all programs encompassed under the new umbrella. However, as is obvious now, the intractable problems of the continuing welfare crisis immediately dominated the attention of the new administrator. The other programs folded into Social and Rehabilitation Service, lost much, and gained little from their organizational status; and soon began to work against the organization of Social and Rehabilitation Service. It is so easy for us to see at this time again the parallels of the proposal of the Office of Human Development and the organization of Social and Rehabilitation Services. The brutal repression and dismantling of programs by Social and Rehabilitation Services followed the same steps now being undertaken by the Office of Human Development. We believe that only the most naive cannot see that the same is intended in the proposal offered by the Office of Human Development. Certainly there is always a need and a rationalization to centralize certain functions

97-210 O - 77 - 5

which would lend themselves to centralization but in Social and Rehabilitation Services this did not pay off in practice. Grant centralization, personnel centralization, all of the centralization failed. These functions proved slower and less efficient, the further they were removed from the programs they were supposed to serve and enhance. Already under the Office of Human Development this has been exaggerated. The functions particularly in grants management are slower even than Social and Rehabilitation Service and are beginning to damage even more the programs they are intended to enhance than Social and Rehabilitation Service did. This enormous super-structure, and it is unbelievably enormous, will sap vital strength from program units as happened with Social and Rehabilitation Service. Programs will be too short-handed to keep abreast of duties and some program authority and prerogatives mandated by the law have already been preempted by the Office of Human Development and will be further preempted by the proposed reorganization. The rift between the Office of Human Development and the various programs of the Office is already significant and support cannot be expected from those programs whose activities mandated by the Congress are being damaged.

Even with the rationalization of a sufficient matrix for coordination it is difficult to see how such programs can be coordinated and how anyone could be expected to believe that they can be coordinated. How can we expect in the system proposed to coordinate services for children, youth and family with services

for native Americans and with services for handicapped individuals? As under Social and Rehabilitation Service, the limitation and curtailment will be and obviously is the hidden agenda of the Office of Human Development and the thrust is toward centralized management to accomplish that agenda. What will result is curtailment and de-emphasis and as already ensued an enormous paper chase and a very substantial super, super-cargo of the Office of Human Development staff. The biggest problem of interrelationships between programs, as related to handicapped individuals, is not between the programs placed in the new Administration, but the development of a system that assures that education, social services, medicaid and labor oriented training and placement programs serve effectively the needs of disabled individuals. The accomplishment of this goal will require a carefully structured and persistently administered relationship between these programs and the Administration for Handicapped Individuals. It is hoped that the President's plan will attack this problem.

Whatever the organization we believe it imperative to eliminate the vast super-cargo staff of the Office of Human Development and the obvious sizeable hierarchy of managers to manage presidential appointees in the carrying out of responsibilities which have been assigned to the appointees by Congress and not the Office of Human Development staff. The Assistant Secretary could have a role and could have an image which would be acceptable

which would be that of advocate, policy-maker, leader; and this was the first verbalization of the present Assistant Secretary. Obviously this has drastically changed. It is inconceivable that presently the situation of junior staff at the Office of Human Development level is supervising and critiquing the performance of senior staff at the program level, even senior staff appointed by the President. This is what is happening and this will be exaggerated in the new proposal. Program agencies badly need to be simplified into major grant-in-aid areas and could subsume many of the minor units now involved in the super-cargo. We believe it imperative that the authority stay with the program in order that it be effective and responsive and that in some manner the Office of Human Development and the Administration attempt to remember that the real goal is the enhancement of programs for the handicapped. We get the impression that this concept has been lost in the Office of Human Development. The proposal to dilute the role of the Rehabilitation Service Administrator by also making him Administrator for the Administration of Handicapped Individuals on the surface seems to be a move to appease the handicapped, but in studying it closely it becomes rather obvious that this does nothing except dilute the services of the Rehabilitation Service Administrator and services to handicapped individuals. It also appears to be an obvious intent to circumvent the intent of the Congress in providing that the Rehabilitation Service Administration Commissioner report

directly and that the next proposal forthcoming from the Office of Human Development will probably be a request to remove this direct authority intent of the Congress.

Another significant segment of the proposal of the Office of Human Development is that the Architectural and Transportation Barriers Compliance Board be a part of the Assistant Secretary's office, with staff responsibility to the Administration for Handicapped Individuals. We question the appropriateness of the current organizational position of this board and also question the proposed organizational placement. This board has government-wide responsibilities and, as such should operate autonomously and certainly separately from the Assistant Secretary's office in our opinion. This Board must be given authority if they are to be effective in any organizational arrangement.

It is our very strong belief that the Rehabilitation Services Administration will be hampered significantly in fulfilling its role intended by Congress and that services to handicapped individuals generally will be seriously hampered by this proposal. The National Rehabilitation Association, in a policy statement has recommended the creation of a Department of the Handicapped at the federal level to give the emphasis necessary for appropriate services to the handicapped. We believe that this will be the only method for the future that handicapped people can appropriately be served and can appropriately serve as

first-class citizens of this nation. We believe that two dominant divisions of a proposed Department of the Handicapped should contain programs that insure educational services for handicapped children as required by the All Handicapped Children's Act (PL-94-142) and those activities authorized to the Rehabilitation Service Administration. The two actually have vast similarities that would allow them to provide a continuum of services from early childhood through retirement. For example, the Handicapped Children's Act requires that:

> For each handicapped child there will be an "individualized educational program"--a written statement jointly developed by a qualified school official, by the child's teacher and parents or guardian, and if possible by the child himself. This written statement will include:
>
> 1) an analysis of the child's present achievement level,
> 2) a listing of both short-range and annual goals,
> 3) an identification of specific services that will be provided toward meeting those goals,
> 4) an indication of the extent to which the child will be able to participate in regular school programs,
> 5) a notation of when these services will be provided and how long they will last, and
> 6) a schedule for checking on the progress being achieved under the plan and for making any revisions in it that may seem called for.

The Vocational Rehabilitation Act (PL 93 112) establishes the requirement for an individualized rehabilitation plan for each client served which shall include but not be limited to:

1) The determination of eligibility or ineligibility;
2) Any determination that the handicapped individual is severely handicapped;
3) The determination of the specific vocational rehabilitation services to be provided;
4) The projected date for the initiation of each vocational rehabilitation service;
5) A procedure and schedule for evaluation of progress toward rehabilitation objectives;
6) The long-range employment goals for the individual;
7) Assurance that the handicapped individual has been informed of his rights for an administrative review of agency action and fair hearings under §401.45;
8) Assurance that the handicapped individual has been advised of the confidentiality of all information pertaining to his case;
9) The extent of client participation in the cost of services if the State elects to condition the provision of any services on the financial need of the client;
10) The eligibility of the individual for similar benefits under any other program;

11) The reason and justification for closing the case;

12) Any plans for the provision of post-employment services.

The similarity of the provisions of these acts is such that a logical sequence of service can be obtained by the Vocational Rehabilitation Act assuming responsibility where the Handicapped Children's Act leaves off. Another area where existing similarities could be brought into focus is Research and Demonstration. The educational effort in this area could complement the rehabilitation activities and vice versa, which should strengthen activities for both thus contributing to a higher level of service for all handicapped people.

Another compelling reason for placing the education and rehabilitation programs together is the rehabilitation concept of service to individuals to meet their specific needs, thereby enhancing their ability to function as free agents in a free society rather than to meet the needs of society at large. The rehabilitation community has long adhered to that principle and with the passage of the Handicapped Children's Act the same approach will be utilized in the education area. Schools are now required to meet the needs of the handicapped child rather than the child being forced to adapt to existing school programs or face the alternative of very limited or no services at all. We believe that the two programs are mutually compatible.

It is our opinion that advantages in several areas will

accrue to the handicapped population through the creation of a separate department.

1) Technology transfer would be strengthened thereby mutually benefiting handicapped people and the agencies serving them.
2) It would allow for efforts to be directed toward teaching families of handicapped children to deal with them.
3) Problem areas affecting individual choice of life style and work interests would be identified at an early age with the potential for correction before adulthood.
4) It would give an opportunity for independent living needs to be identified at an early age.
5) There would be a combined and strengthened advocacy effort thereby increasing public awareness of the problems of attitudinal barriers to the handicapped.
6) It would provide for stronger coordinated efforts between the Departments of Housing and Urban Development and Transportation, thereby dealing more effectively with environmental problems of the handicapped.
7) There would be a need for re-interpretation of traditional methods of case servicing by both rehabilitation and education specialists directed toward serving handicapped people on a continuum from early childhood through employment. This has strong implications for research and training.
8) In the final analysis, however, the greater benefit would be the guaranteeing of an adequate level of services for

handicapped people at all levels of functioning.

As an alternative to the creation of a Department of the Handicapped, we recommend the creation of an Office of the Handicapped at least at the Assistant Secretary's level. This would most appropriately be placed in a Department of Education if such a department is created. Certainly you recall from previous historical references that in its early years Vocational rehabilitation programs at state and Federal levels by law were lodged in the Education Departments. This situation at the state level remained in effect until comparatively recent times when Congress allowed placement of state rehabilitation programs under state-operated umbrella agencies or as separate agencies within a state. Congress also moved Federal rehabilitation programs away from education with the creation of the Department of Health, Education and Welfare in 1953 with the Commissioner reporting to the Secretary and in 1967 it was placed under Social and Rehabilitation Service in the Department of Health, Education and Welfare and later moved to the Office of Human Development. With the passage of the Handicapped Children's Act and the long tradition rehabilitation has had with education, we believe that the next most logical placement after department status is in education. This would allow a more natural affinity for program coordination with State Departments of Education and would also allow for development and implementation of a continuous and complementary program within the public school system. This would be especially conducive to expansion of the existing

Cooperative School Program between State Vocational Rehabilitation programs and local school distrcits. Local school districts under the guidance of State Departments of Education in collaboration with state rehabilitative programs could develop consortiums and other means of complying with mainstreaming requirements and determination of at least restrictive environments for handicapped children. Aside from the reason mentioned above, most of the justification for development of a separate Department of the Handicapped are applicable to a recommendation for rehabilitation programs to be housed in a Department of Education.

In summary, the National Rehabilitation Association supports, recommends and encourages the preservation and strengthening of the existing delivery system for rehabilitation services; and, the creation of a separate cabinet level Federal Department of the Handicapped with an alternative recommendation for lodging existing rehabilitation programs in a yet to be created Federal Department of Education. We realize this recommendation and alternative recommendation may be viewed as a little idealistic and untimely. We suggest, however, that this may be the only hope for the future of the handicapped. The least we could hope for is that the Rehabilitation Services Administration be placed at the Assistant Secretary's level apart from the Office of Human Development, reporting directly to the Secretary. Rehabilitation Services Administration could assume some of the responsibilities of the smaller program units where they are closely related to those of the Rehabilitation Services Administration.

We believe the implementation of the Office of Human Development proposed reorganization would be an insult to the handicapped people of this nation and will seriously endanger the effective programs of long-standing in the Rehabilitation Services Administration. While the current organizational placement of the Rehabilitation Services Administration is ineffective, we are convinced the proposal would be even more detrimental to services to the handicapped. We, therefore, strongly recommend that the Congress disapprove this proposal.

Mr. HANSEN. At the present time we are concerned with two significant problem areas, one relevant to organization, state-federal rehabilitation programs at the state level and, two, the organizational structure at the federal level for the rehabilitation program and further centralization of program and support activities at the federal level by the proposed reorganization of the Office of Human Development.

In our discussion today we will focus only on the second concern.

Our first impression is that the proposal is intended to be administered in isolation, since it apparently ignores the forthcoming proposal from the President to reorganize human services programs.

I would ask why we would receive approximately three weeks ago a letter from the White House staff dealing with reorganization, asking for our input on the reorganization of human services, when in fact some of this reorganization appears to be already taking place.

It is difficult to understand why the Office of Human Development proposal was developed prior to the completion of the President's proposal.

Almost certainly in the President's plan consideration will be given to the transfer of some programs for handicapped individuals now administered in other agencies to the new agency for the handicapped. This might influence significantly the kind of administration set-up that would be most effective.

This current proposal as it now stands can do nothing except dilute the activities of the Commissioner of the Rehabilitation Services Administration, as well as the activities of the Rehabilitation Services Administration itself.

We also believe that it is the first step towards further de-emphasis of the Rehabilitation Services Administration activities and the direct program activities mandated under the Rehabilitation Act of 1973 as amended, and therefore de-emphasis of programs for handicapped individuals of this country.

Certainly there is always a need and rationalization to centralize certain functions which would lend themselves to centralization. As in the case of the Social and Rehabilitation Service, this did not pay off in practice.

Grant centralization, personnel centralization, all centralization appear to have failed. These functions have proved slower and less efficient the further they were removed from the programs they were supposed to serve and enhance.

Already under the Office of Human Development this has been exaggerated. The functions particularly in grants management are slower than ever. They even appear to be slower than in the Social and Rehabilitation Service.

The proposal to dilute the role of the Rehabilitation Service Administrator by also making him Administrator for the Administration of Handicapped Individuals on the surface seems to be a move to appease the handicapped.

But in studying it closely it becomes rather obvious that this does nothing except dilute the services of the Rehabilitation Service Administrator and services to handicapped individuals.

It also appears to be an obvious attempt to circumvent the intent of Congress in providing that the Rehabilitation Service Administration Commissioner report directly and that the next proposal forthcoming from the Office of Human Development will probably be a request to remove this direct intent of the Congress.

Another significant segment of the proposal of the Office of Human Development is that the Architectural and Transportation Barriers Compliance Board be a part of the Assistant Secretary's office with staff responsibility to the Administration for Handicapped Individuals.

We question the appropriateness of the current organizational position of this board and also question the proposed organizational placement. This board has government wide responsibilities, and as such should operate autonomously and certainly separately from the Assistant Secretary's Office, in our opinion.

This board must be given authority if it is to be effective in any organizational arrangement.

It is our very strong belief that the Rehabilitation Services Administration will be hampered significantly in fulfilling its role intended by Congress and that services to handicapped individuals generally will be seriously hampered by this proposal.

The National Rehabilitation Association in a policy statement has recommended the creation of a Department of the Handicapped at the federal level to give the emphasis necessary for appropriate services to the handicapped.

We believe that this will be the only method for the future that handicapped people can appropriately be served and can appropriately serve as first-class citizens of this country.

We believe that the two dominant divisions of the proposed Department of the Handicapped should contain programs that insure educational services for handicapped children as required by the Education for All Handicapped Children Act, Public Law 94-142, and those activities authorized to the Rehabilitation Services Administration.

The two actually have vast similarities that would allow them to provide a continuum of services from early childhood through retirement.

The paper that I have provided your committee goes into greater detail as to some of the benefits derived from a plan of this nature.

The similarity of the provisions of these acts is such that a logical sequence of services can be obtained by the Vocational Rehabilitation Act assuming responsibility where the Handicapped Childrens Act leaves off.

Another area where existing similarities could be brought into focus is research and demonstration.

As an alternative to the creation of a Department of the Handicapped, we recommended the creation of an Office of the Handicapped at least at the assistant secretary s level. This would be most appropriately placed in a Department of Education if such a department is created.

In summary, the National Rehabilitation Association supports, recommends and encourages the preservation and strengthening of the existing delivery service for rehabilitation services and the creation of a separate Cabinet level federal Department of the Handicapped with an alternative recommendation for lodging existing rehabilitation programs in a yet to be created federal Department of Education.

We realize this recommendation and alternate recommendation may be viewed as a little idealistic and untimely. We suggest, however, that this may be the only hope for the future of the handicapped. The least we could hope for is that the Rehabilitation Services Administration be placed at the assistant secretary's level, apart from the Office of Human Development, reporting directly to the Secretary.

Rehabilitation Services Administration could assume some of the responsibilities of the smaller program units where they are closely related to those of the Rehabilitation Services Administration.

We believe the implementation of the Office of Human Development proposed reorganization would be an insult to the handicapped people of this nation, and will seriously endanger the effective programs of longstanding in the Rehabilitation Services Administration.

Thank you for allowing me to appear.

Mr. MILLER. That is a modest conclusion.

The panel previous to this one, and also the statements by individuals here, indicate, as I read the statements, that there seems to be a very clear agreement on your part that the idea of providing concentrated and coordinated services to a handicapped individual, based upon his needs, is going to be hampered by this.

Is that a fair statement?

Mr. HANSEN. That is correct.

Mr. MILLER. And that while the reorganization may have some supporting rationale in terms of management within HEW, I don't hear that it has any supporting rationale in terms of delivery of services, in terms of an enhancement from what I hear of this panel and the previous panel, from reading their statements.

Mr. HANSEN. That would be my individual opinion. I could not speak for other people here.

Mr. MILLER. I am just trying to get the bottom line. Your last statement, Mr. Hansen, your last sentence, is a pretty rough state-

ment—if in fact this is something to be done for the benefit of handicapped individuals—if that is your conclusion, then we are a long ways apart, where the Administration is coming from and where you and other members, if I am hearing you correctly, are coming from.

Mr. HIPKENS. The role of a staff department concerns us, in that it does seem to interfere with what would be executive management opportunities and responsibilities for the various administrators.

I would say this with a feeling that we look at this as only an interim reorganizational effort. That there is going to be more reorganization down the line. If this were the end, it would not really do very much at all.

Mr. GASHEL. In human services programs, I think the experience is that some of the theories of public administration don't always work out to the benefit of the people who need service.

This is a good plan if you want a neat organizational chart and if you are interested in spreading responsibilities and clear lines of reporting authority, and so on and so forth.

But it imposes additional bureaucracies, which will slow down the processing of paperwork, probably necessitate more systems.

Mr. MILLER. Can you expand on that?

Mr. GASHEL. Sure. You see, the Commissioner, for example, of the Rehabilitation Services Administration now is going to have to wear several more hats. He not only has the one very large program to administer, but several others. He will have to be concerned with that.

Management systems will have to be developed within the Administration for Handicapped Individuals to coordinate all of those other five, plus RSA. Then there will have to be management systems reporting into the Assistant Secretary for Human Development.

It imposes all of that bureaucratic machinery in between what was the Rehabilitation Services Administration reporting directly to the Assistant Secretary for Human Development. That is an example of the kind of thing.

This example has been played out in reorganization at the state levels. We are well experienced with what this sort of reorganization means for human services.

It might make sense in industry—if you are building typewriters, or ordering battle ships—it might make sense over at the Defense Department. But not in human services.

Mr. MILLER. Mr. Schloss?

Mr. SCHLOSS. Prior to the creation administratively of the Social and Rehabilitation Service, the predecessor agency of the Rehabilitation Services Administration, the Vocational Rehabilitation Administration, was one of six constituent agencies of HEW which reported to the Secretary.

The downgrading as a result of the creation of SRS required statutory action in the Rehabilitation Act of 1973 to seek upgrading, increased visibility, increased ability for policy decisions on behalf of the handicapped, and increased input where it counts for budget purposes.

Now it appears that this most recent administrative reorganization is trying to downgrade that agency once again. We believe that handicapped individuals would be adversely affected by that.

Mr. MILLER. Let me ask you something, Mr. Schloss.

Obviously one of the concerns of certainly this Administration, given statements in the campaign—how do you deliver those services in the fashion that I think representatives here today are talking about without the traditional enlargement of the bureaucracies?

Mr. SCHLOSS. The services are, of course, still going to be delivered at the grass roots level.

Mr. MILLER. But there are indications in previous testimony that we continue to have and certainly my district office and I continue to hear about all of the gaps that people continually are thwarted in their efforts to achieve an independent lifestyle, for one reason or another.

So, the question and the intent, if I listen to people, of this reorganization, or this partial reorganization, is to bring a focus of those services on to those individuals.

So, to say they will continue to be delivered, I appreciate that because that is the mandate. But the question is how do you get the more effective delivery and greater concentration of those services on individual needs.

Mr. SCHLOSS. First of all, there is going to be a need for additional legislative authority and a need for additional budget allocation for programs for the handicapped.

We believe that by maintaining the Rehabilitation Services Administration at a high level in the federal bureaucracy, that there is more opportunity for the head of that agency to seek, let's say, to get input at the highest levels in the Adminstration for expansion of the progam to meet the types of gaps you are talking about, and also to get the financing that will be needed to fully implement the program.

Mr. MILLER. My concern would be, you have this reorganization plan on one side. You have Mr. Hansen's suggestion of others, of a Department of the Handicapped. You have the need of the Administration, or at least the perceived need, to make an effort to make this thing look streamlined.

It may still be driven by steam, but it has to look different. My concern is how do you deliver on those and still achieve the level and the types of services that we are interested in?

I mean, when you say you put it at a high level, is that done by creating the department?

Mr. SCHLOSS. That certainly would be perhaps the highest possible level it could be put at. Being realistic, I don't see that happening very soon.

Mr. MILLER. My concern is we have also had departments in this government that have been ignored for years. You can go through any of them. It depends on what Mervin Field or others are finding in their polls, depending on who gets the attention.

Mr. SCHLOSS. There is no substitute for having an administration in office which has a very definite high commitment to programs for the handicapped. Let's say the greatest growth and development

in the rehabilitation of the handicapped program probably came between 1943 and 1968.

We would like to see the program pick up steam again in terms of having high level Administration support for the objectives that we all are seeking to achieve; namely, integration of handicapped individuals into the mainstream of our national life.

Mr. MILLER. Mr. Hansen?

Mr. HANSEN. I would just like to make a comment. Admittedly every person that has been here this morning presents testimony of concern about the direction of programs for the handicapped. I think that is because we are involved with the field.

We are involved with seeing individuals that are disabled and having problems of employment, independent living, in our own states, across the country.

One of the problems with the reorganizational plan like this is that at the federal level you have an Administration for Handicapped Individuals. Buried underneath that you have the Rehabilitation Services Administration.

Then that becomes duplicated essentially in the ten regions across the country. You have again expanded some bureaucracies throughout the regions, and by the time the services and the monies reach the states, with their implementing programs for the disabled, you have gone through a number of tracks that make it difficult for programs for the disabled to become very visible to receive much emphasis.

I think what we are seeing here is kind of a burying, a way to push aside rehabilitation services when we feel it is so important to disabled citizens in this country. Although your closing comment at the end of my discussion seemed to imply that the Department of the Handicapped as not a very likely suggestion, I, too, believe that is not a very likely suggestion in light of the immediate future.

But that is to give an outside picture of what we would really like to strive for and see happen. If that cannot be developed, we would certainly like to see an Office of the Handicapped at the assistant secretary's level that could provide the strengthening and input we feel is important.

Mr. GASHEL. I would like to come back to the question that you were raising about gaps in service. This is the thing that really does affect people.

I am not sure that the organizational plan of OHD, or OHDS, is as directly related to that question as is something else. That is the restrictions in, let us say, the rehabilitation legislation itself.

Vocational rehabilitation, of course, is a time honored program and has in it the employment objective, which is fundamental.

But, at the same time, that objective results in leaving some people unserved. I am talking about now what some people call independent living.

Earlier this year I testified over in the Senate on a measure called comprehensive services for the blind, which has been introduced in the House as H.R. 4775. It is a bill whih would broaden the picture of services available to blind persons, recognizing that many of the people are older blind persons who are not readily taken up by a program with an employment objective, but still need services, and they are not getting them.

It would deal with providing counseling and so forth to parents of blind children and their families.

Now, this legislation hopefully will be taken up in this subcommittee later on this year. You see, I think we are dealing with a matter aside from their reorganization. Certainly reorganization has an impact on the question of gaps. But that can be dealt with also through the basic authorizing legislation.

Mr. MILLER. Thank you.

Mr. HIPKENS. We are as concerned as you are with the delivery down at the operating level. The interesting and paradoxical thing is that there is even in place now a number of resources for handicapped people that are not getting to them in the right amounts, and the right time.

Whoever does this has to start out with a concept of how to best use these already existing services to begin with.

Our notion is that at this point in time the VR state-federal programs are most attuned, by and large in most states, to understanding this.

Now, having this understanding as a starting point, then they have to have greater access to some of the other resources—the health dollars, the Title XX dollars. I suppose one of the ways to go is a massive big organizational structure, that is a blown-up RSA to do this.

It could even be done legislatively it would seem to me by making it possible for the transfer of funds—if, for instance, the problem of a severely handicapped person in part to begin with was a medical one, under a good case management system, that they would have access to medical dollars at that point in time when they were needed, Title XX dollars at the right point in time.

We are as much interested in this option, as to some brand new organizational structure or larger organizational structure. Given the option, the concept of how to do this at the operating level is best done by the existing state-federal program.

Mr. MILLER. Also in the testimony it seems that—I wish you would just restate the case as you perceive it; that is, that the Architectural Compliance Board, and the 504 enforcement should have a much different status than as outlined in the reorganization.

Mr. GASHEL. I discussed the matter of 504 enforcement—not so much the Architectural Barriers Board. Let me speak to the 504 issue.

There is a box on the charts which OHDS has released which speaks to the Administration for Handicapped Individuals providing technical assistance. It doesn't say 504 technical assistance. So, I raised the question with Assistant Secretary Martinez, who responded that that was intended to be technical assistance for compliance with Section 504.

Secretary Califano, in signing the 504 regulation, said that there would be technical assistance provided to recipients of HEW federal financial assistance. Then everybody started to scurry around and wondered who was going to provide that technical assistance.

A unit, I guess, was sort of created within the Office for Civil Rights, to begin providing that technical assistance. It seemed logical that it should. Then we began to hear, and now it is disclosed

in this reorganization plan, that OHDS wants to provide 504 technical assistance.

It certainly ought to be provided somewhere. If it should, it ought to be in one place and probably not several, I guess. We think it should be in the Office for Civil Rights.

I think there is a continuum of activity with respect to achieving 504 compliance. One level is technical assistance, and advice to recipients. The second level is complaint processing and investigation and resolution. The third level is compliance reviews.

Those are all related activities, and have to be handled with great consistency and great care.

We object also to the principle which seems to be espoused here, that only people who serve handicapped people would know how to tell somebody about compliance with Section 504. That is wrong. In fact, many of the outfits that have been providing services to the handicapped will probably be found not to be in compliance with Section 504, which may seem like a strange thing, but it is not.

There has been great discrimination even by the agencies serving the handicapped. Now, to suggest, then, that technical assistance should come out of a unit serving the handicapped is wrong. It should come from a civil rights unit which cuts across all administrative lines and authorities.

Mr. MILLER. Thank you. Anybody else have a comment on that?

Mr. SCHLOSS. Only to say that President Ford, by Executive Order, designated the Office for Civil Rights in HEW as the lead agency in the Federal Government for Section 504 enforcement. I am not aware of any subsequent Executive Order which has changed that.

Mr. MILLER. Okay.

I want to thank you very much for your testimony.

It is my understanding that the committee will continue its hearings on this matter on Monday. Therefore, the committee will adjourn and meet tomorrow on 504 in Room 2175.

Thank you very much.

[Whereupon, at 12:00 noon, the subcommittee adjourned.]

REORGANIZATION OF THE OFFICE OF HUMAN DEVELOPMENT

MONDAY, SEPTEMBER 12, 1977

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON SELECT EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2257, Rayburn House Office Building, the Hon. John Brademas (Chairman of the subcommittee), presiding.

Members present: Representatives Brademas, Jeffords, Miller, and Kildee.

Staff present: Jack G. Duncan, counsel; Thomas Wolanin, deputy staff director; and Martin L. LaVor, minority senior legislative associate.

Mr. BRADEMAS. The Subcommittee on Select Education will come to order for the purpose of continuing oversight hearings on the Administration's plan for the reorganization of the Office of Human Development in the Department of Health, Education, and Welfare.

At our first hearing on this matter last week, we received testimony from a number of witnesses who expressed concern about the lack of consultation with constituent groups about the plan, the timing of the reorganization order, the rationale of the plan for reorganization and its effects upon the Administration's programs.

This subcommittee has legislative and oversight responsibility for a number of programs under the jurisdiction of the Office of Human Development, including those for the elderly, children and handicapped individuals. Because of the significant impact the reorganization can have on these services, it is important that members of Congress and concerned groups and individuals have an opportunity to be fully apprised of the intentions of the Administration in proposing a reorganization of OHD.

Today then, it is fitting that we begin our hearing with the Assistant Secretary for Human Development, Arabella Martinez, whom I am plesed to welcome as our first witness. She is acompanied by Richard Beattie, HEW Deputy General Counsel.

Ms. Martinez, we are very pleased to have you here as a witness.

STATEMENT OF ARABELLA MARTINEZ, ASSISTANT SECRETARY FOR HUMAN DEVELOPMENT SERVICES, ACCOMPANIED BY RICHARD BEATTIE, DEPUTY GENERAL COUNSEL, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Ms. MARTINEZ. Mr. Chairman and members of the subcommittee, I appreciate this opportunity to discuss with you the recent reorganization of the Office of Human Development Services--especially as it relates to programs for handicapped individuals.

As we pointed out in the fact sheet provided to members of Congress and their staffs at the time of the announcement, the purpose of the reorganization was to strengthen the management of OHD programs and, ultimately, to improve the delivery of services to people in need.

In effect, the reorganization establishes a point of departure for more in-depth analysis of program and management issues. From a management standpoint, consolidating 24 separate units into nine has made it easier for me to deal directly with program managers on a timely basis. Prior to the reorganization, this was simply not possible.

Beyond making the organization more manageable, I believe the reorganization also provides a foundation for improving the programs we administer. The new Administration for Handicapped Individuals, which brings together six separate elements, is aimed at achieving a more comprehensive focus for people with disabilities. Likewise, the new Administration for Children, Youth and Families should provide a more comprehensive approach to programs for this country's younger people and their families. As you know, the reorganization makes no change with respect to programs for the elderly.

Our assumption is that a more comprehensive approach at the Federal level will ultimately translate into improved services at the delivery level. With respect to programs for handicapped people, this includes, but will by no means be limited to, taking a look at individuals who are not currently being served; utilizing research and demonstration findings regarding independent living approaches; and developing closer working relationships and concrete initiatives between the education and vocational rehabilitation communities. Before the reorganization there was inadequate coordination among the offices which serve people who are disabled. Exchange of information and coordination of functions of these offices will improve the capability for innovation and effectiveness.

As for children and youth, improvements in service delivery should include: comprehensive services to children and their families by making greater use of existing program centers (for example, Head Start); comprehensive youth development activities that link Federal, State and local efforts to serve those who represent our country's future; comprehensive model day care initiatives; and an overall effort to serve young people, and others in need, as members of families.

I also anticipate tangible benefits for the recipients of HDS grant awards. For example, consolidating related programs should make it possible to simplify planning, reporting and funding require-

ments. The new Office of State and Community Affairs will work closely with States, local government and other community groups to help resolve their special problems. This effort should promote greater understanding and support for service programs outside the Federal Government.

While I feel confident that the improvements in management and delivery of services are possible given the new HDS structure, I also recognize the concerns of those most directly affected by the reorganization.

Again, with respect to programs for handicapped persons, concerns have been expressed in letters, meetings and telephone conversations with me and members of my staff. The principal issue appears to be the dual role of the new AHI Commissioner. On the one hand, the vocational rehabilitation community is concerned that the commissioner will not have enough time to devote to RSA matters. And on the other, constituent organizations representing the interests of handicapped individuals not now served by RSA programs are concerned that the commissioner's time will be dominated by the more heavily funded vocational rehabilitation efforts.

There are other important concerns which have surfaced over the last month. Should there be separate research and training units in the new AHI organization? Should planning and administrative elements be consolidated? Should there be one public information and education function for the new organization? Should advisory committees be consolidated? How can programs be redesigned at the delivery level to serve people with multiple needs?

It is for the purpose of surfacing and resolving these issues that I have appointed a top-level task force to implement the HDS reorganization between now and January 1, 1978. The task force, which began meeting last month, is chaired by Frank Newgent, Deputy Assistant Secretary for Human Development Services and consists of the heads of all HDS programs and the four staff offices. Two Regional HDS Administrators are also on the task force. Under this task force each of the ten HDS regional offices, each of the five program components, and each of the four staff offices will be engaged in developing issues and options relating to their operations. A cross-cutting working group will consider the relationships between programs, between program offices and staff offices, and between the central office and regional offices.

A steering committee will coordinate the efforts of the working groups and will attept to resolve major issues.

As you probably know, our plan is to work closely with members of Congress and their staffs, constituent organizations and employee unions at every stage of implementation. Last week, we circulated a draft work plan for the task force effort to committee staff and other interested parties. As for involving these groups in the task force process, the plan points to four major interactions:

1. separate meetings with interested Congressional staff and select constituent group representatives during the last week of September to discuss the proposed process, organization and management issues, and other program issues that require examination by the task force;

2. follow-up meetings during the last week of October to discuss major options on issues surfaced during the September meetings, and as a result of the work of the task force, including pros and

cons and an indication of legislative changes required for these options;

3. meetings during the week of November 14 to discuss the task force's draft recommendations to implement all facets of the reorganization; and

4. a last meeting to inform those who have participated of the final package to be submitted for action.

As you can see, the reorganization announced on July 26 is by no means final nor complete. In fact, today's hearing and the one to be held by the Senate Subcommittee on the Handicapped on September 20, should also serve to identify issues and concerns that require careful consideration and examination. I appreciate the interest you have shown in this reorganization and look forward to a constructive and close partnership as we proceed with the implementation.

I will be happy to answer any questions you may have with respect to the development of the reorganization process thus far.

[The attachment to Ms. Martinez' statement follows:]

FACT SHEET ON OHD REORGANIZATION

SUMMARY: PRINCIPAL REORGANIZATION INITIATIVES

Joseph A. Califano, Jr., Secretary, Department of Health, Education, and Welfare, and Arabella Martinez, Assistant Secretary for Human Development, today announced a series of reorganization initiatives. Effected through administrative action, the reorganization is designed to consolidate OHD programs and administrative functions for more efficient and effective operations and more responsive delivery of services.

The reorganization will consolidate eighteen program offices and six staff offices into five major program units and four staff offices. The Office of Human Development will be redesignated the Office of Human Development Services and will remain as a principal operating component within the Office of the Secretary.

The principal reorganization actions will:

(1) Establish a new organization to be known as "The Administration for Handicapped Individuals."

Currently, the Office of Human Development administers thirteen programs for handicapped individuals in six program offices. Although each of these programs has a distinct focus, each shares responsibility for responding to the needs of handicapped individuals and acting as an advocate for their concerns. The placement of these six discrete units under one organization with broad responsibilities will reduce fragmentation and result in a more comprehensive focus on the needs of handicapped persons. It will also provide a more effective means of responding to those needs.

Under this reorganization action, the Rehabilitation Services Administration, the Developmental Disabilities Office, the President's Committee on Mental Retardation, the Office for Handicapped Individuals, and the White House Conference on Handicapped Individuals will be consolidated within the new organization. The Commissioner of the Administration for Handicapped Individuals will also serve as Commissioner of the Rehabilitation Services Administration. Also, while the Assistant Secretary will continue to serve as the Chairperson of the Architectural and Transportation Barriers Compliance Board, the AHI Commissioner's Office will provide administrative support and liaison with Board staff and with other member agency representatives.

(2) Establish a new organization to be known as "The Administration for Children, Youth and Families."

The Office of Human Development now administers six programs for children and youth under the Office of Child Development, the Office of Youth Development, and the Public Services Administration. This action will consolidate the Office of Child Development, the Office of Youth Development, and the Child Welfare Services program now administered by PSA.

This consolidation will allow closer and more efficient coordination of services for target groups with very similar concerns and for age groups which often overlap. The new Administration for Children, Youth and Families will thus have responsibility for the development of a broader, more comprehensive focus for children and youth. This consolidation of program functions will also provide increased focus for supporting the family as the primary resource in meeting the needs of children and youth.

(4) Consolidate OHD programs for Native Americans under a new "Administration for Native Americans."

Under this action, the Intra-Departmental Council on Indian Affairs, now a separate entity within OHD, will be merged with the Office of Native American Programs and the Native Hawaiian program (now administered separately within the Office of the Assistant Secretary for Human Development). These programs support a variety of activities directed to the needs of tribal and urban Indians, Alaskan communities, and native Hawaiians. The new organization will be responsible for continuing these activities and for addressing the broad policy and program concerns of Native Americans within the Department of Health, Education, and Welfare.

(4) Consolidate broad social services programs under a new "Administration for Public Services."

This action combines the child care and support services activities of the Work Incentive Program (WIN) with the social services activities authorized by Title XX and administered by the Public Services Administration. HEW's responsibilities for the WIN Program are now administered by a separate unit in the Office of Human Development. These two related social services functions will be combined under the new Administration for Public Services.

(5) The Administration on Aging, which administers nine programs for the elderly, will remain as currently constituted.

(6) Streamline and strengthen the OHD management structure.

The Office of the Assistant Secretary for Human Development now contains six staff offices responsible for a variety of administrative and management functions. There are five separate special concerns units which also report

directly to the Assistant Secretary. These eleven discrete units will be consolidated into four major staff offices. The consolidation will:

(a) Establish a new Office of State and Community Affairs. This Office will provide leadership in the areas of intergovernmental operations, regional operations, community affairs, and public affairs for human services programs.

(b) Create an expanded Office of Planning, Research, and Evaluation. This Office will include the existing functions of the Office of Planning and Evaluation and will have such new responsibilities as: the conduct of cross-cutting RD&E activity, international research, legislative formulation, cross-cutting policy analysis, and program data systems development.

(c) Establish a new Office of Policy and Management Control. This Office will perform a review and control function across the entire agency. Its principal activities will include management control, policy coordination, executive secretariat functions and special organization and management studies.

(d) Continue the existing Office of Administration and Management. With the exception of some functions which will be transferred to the new staff offices, this Office will continue its major functions of grants and contracts management, budget, financial management, personnel management, and administrative services.

(7) Streamline and strengthen the Regional Office structure.

Consistent with the Secretary's actions to reform the HEW Regional Offices, the new OHDS regional structure will be headed by a Regional

Administrator for Human Development Services who reports directly to the Assistant Secretary. The position of Assistant Regional Director for Human Development will be abolished. The new regional HDS organization will also consolidate program units into four elements that correspond to changes at the Headquarters level (See Exhibit 10). Responsibility for Native American activities in the regions will be lodged in the Regional Administrator's Office. This includes programs for Native Hawaiians.

* * * * *

I. BACKGROUND

The present OHD organization, shown in Exhibit I, consists of six staff offices, five special concerns offices, and 11 program offices administering over 30 programs. In addition, there are 10 Regional Offices for Human Development, each with seven separate program components. This configuration results not only in an organization which is unmanageable (in the Central Office alone 24 staff and program elements now report directly to the Assistant Secretary), but also in a fragmentation of human services programs designed to serve similar ends.

Human services programs have evolved in response to the special problems and needs of particular vulnerable groups. In a general sense, human services are intended to complement income assistance and health insurance programs by supporting the independence and self-sufficiency of individuals and by strengthening families and communities. The value of these services to those served, and to the nation as a whole, is reflected in the continued demand for expansion of existing programs and for new services.

Nevertheless, as these services proliferate under different auspices and financed from a variety of sources, the difficulties of coordinating the delivery of these services, of identifying gaps and overlaps, and of ensuring access to services by individuals in need have increased substantially. Of the more than 100 human services programs financed by the Federal Government, each has its own set of policies, administrative procedures, and eligibility requirements. For the States, localities and community agencies that receive and administer Federal program funds, there are numerous specifications and requirements for reports, audits, evaluations, and specific organizational requirements. The intended recipients of these services face extensive and complicated application procedures, differing eligibility requirements, and the task of dealing with an unwieldy number of separate offices and organizations.

The reorganization of the Office of Human Development, which builds upon the recent reorganization of HEW, is aimed at rationalizing service delivery and increasing the Federal Government's accountability for these efforts. The recent consolidation within the Office of Human Development of related SRS programs (i.e., Title XX, Title IV-B and WIN support services) provides increased opportunity for the formulation of comprehensive policies for populations in need which go beyond the specific focus of existing categorical programs. Equally important, these organization reform measures are consistent with OHDS' long range objectives to integrate and coordinate services in ways that focus on the whole person, the family and the community, and that act to improve the quality of those services.

II. ADMINISTRATION FOR HANDICAPPED INDIVIDUALS

The creation of a single organization for handicapped individuals has been discussed in the Congress, among constituent groups and, recently, at the White House Conference on Handicapped Individuals. At that Conference, President Carter pointed to the need for a more comprehensive effort in this area. He noted the multiplicity of agencies administering programs for handicapped individuals and the burden which differing administrative procedures, varying definitions of handicap, multiple locations for services delivery place upon the individuals who seek assistance from these programs. The President also noted that one of the benefits of the Presidential reorganization authority enacted by the Congress is the opportunity it provides to consolidate programs for handicapped individuals and simplify the process of obtaining the benefits intended under the law.

Currently, the Office of Human Development administers thirteen programs for handicapped individuals through six separate offices. These programs are funded at approximately $1 billion and have a combined staff of over 460 in both Headquarters and regional offices.

The new Administration for Handicapped Individuals will have responsibility for all OHDS activities targeted toward handicapped persons. Current organizations folded into the Administration will include:

--the Rehabilitation Services Administration;

--the Developmental Disabilities Office;

--the Office for Handicapped Individuals;

--the President's Committee on Mental Retardation;

--the Architectural and Transportation Barriers Compliance Board*; and

*See Exhibit 7.

--the White House Conference on Handicapped Individuals*

These organization reform measures are being taken administratively, without legislative change. However, all of these actions are consistent with legislative intent and provisions. For example, the Rehabilitation Services Administration is a statutorily mandated body whose head must report to the Assistant Secretary. There are also restrictions on removing responsibility for management support functions from the RSA Commissioner. To be consistent with these provisions, the Commissioner of the new Administration for Handicapped Individuals will also serve as Commissioner of the Rehabilitation Services Administration. This arrangement will also provide an opportunity to examine the consolidation of administrative, research and other management functions for all program components under the Commissioner of the new organization.

As for the Architectural and Transportation Barriers Compliance Board, the Assistant Secretary will continue to serve as chairperson. This is necessary because the Rehabilitation Act of 1973, as amended (P.L. 93-112) also requires that the chairperson not be lower in rank than an Executive Level IV. The grade of the Assistant Secretary is a Level IV, while that of the Commissioner is a Level V. However, the Commissioner's office will provide administrative support to the Board staff and serve as OHDS liaison with the staff and other member agency representatives.

The legislation for the Office for Handicapped Individuals requires that OHI's functions be performed in a unit that is not directly administered by an official with other program responsibility in this area. While the

*See Exhibit 7.

Office for Handicapped Individuals will have a direct line to the Assistant Secretary, the unit will coordinate all activities closely with the RHI Commissioner. In effect, the Commissioner will serve as the Assistant Secretary's principal advisor on handicapped matters.

Taken together, these reforms in the area of programs for handicapped persons will not only make it easier for the Federal Government to manage such programs, but they should produce new dividends for those at the State and local level who wish to gain access to the service system.

III. ADMINISTRATION FOR CHILDREN, YOUTH AND FAMILIES

The new Administration for Children, Youth and Families will essentially expand the Office of Child Development by combining it with the Office of Youth Development and with the Title IV-B Child Welfare Services program currently lodged in the Public Services Administration. To ensure that the youth development focus is retained, responsibility for the Runaway Youth Program and other youth activities will be placed in a new Youth Development Bureau. The Child Welfare Services program will be reunited with the Children's Bureau, from which it was removed in 1969.

The OCD Director's position will be retitled: "Commissioner, Administration on Children, Youth and Families." In accordance with the legislation, the Commissioner of the new Administration will also serve as Chief of the Children's Bureau. (See Exhibit B)

IV. OTHER PROGRAM CONSOLIDATIONS

The new Administration for Native Americans will have responsibility for major OHD programs targeted toward Native Americans. The Office of Native American Programs, which administers grant programs for tribal and

[illegible] and Alaskan Communities will be consolidated with the [illegible] the Office of the Assistant Secretary for Human Development, and the Intra-Departmental Council on Indian Affairs. The Council was established in April 1975 with representation from all HEW program and staff components for the purpose of coordinating programs and policy related to Indian concerns [illegible] Department.

The Administration for Public Services will combine the WIN child care and support services program with the Public Services Administration, which administers the Title XX social services program. The Title XX program provides funds for a wide variety of supportive services, including day care, homemaker services, foster care, and legal services.

The Administration on Aging administers all programs for the aging within OHD. This organization will remain as currently constituted.

V. RESTRUCTURING THE OFFICE OF THE ASSISTANT SECRETARY

A. Office of State and Community Affairs

The new Office of State and Community Affairs will provide leadership and policy direction in the areas of: intergovernmental relations, community affairs, regional operations and public information. In close cooperation with the Deputy Under Secretary for Intergovernmental Relations, this unit will provide technical assistance to States and local organizations in improving human service delivery systems. The Office will also advocate on behalf of citizen participation, rural development, volunteer development, veteran affairs, and vulnerable populations not otherwise directly represented within the Department.

97-210 O - 77 - 7

The following existing OHD elements are abolished and their staffs transferred to the new Office of State and Community Affairs:

--Office of Manpower

--Office of Rural Development

--Office of Regional Operations

--Office of Veterans Affairs

--Office of Consumer Affairs

--Office of Volunteer Development

--Office of Public Affairs.

B. Office of Planning, Research and Evaluation

The new Office of Planning, Research and Evaluation will be the principal staff unit responsible for program planning, legislation, research, evaluation, program policy analysis and program systems development for the Office of Human Development Services.

C. Office of Policy and Management Control

The Office of Policy and Management Control will provide leadership and direction in the establishment of review and control systems within the Office of Human Development Services, conduct both regular and special analytic studies, and advise the Assistant Secretary on special organization and management problems. The new Office will work closely in these areas with the Secretary's Office of the Inspector General, Office of the Assistant Secretary for Management and Budget and the Executive Secretariat.

D. Office of Administration and Management

This Office will remain largely unchanged.

The Assistant Secretary for the Office of Human Development Services has appointed a task force to plan and implement the transition of the new organization. Its Chairperson will be Mr. Frank Newgent, Deputy Assistant Secretary for Human Development Services. The other members of the task force will be the heads of the OHDS program units and staff offices. The task force will work closely during the next several months with members of Congress and their staffs, constituent organizations and employee unions to ensure broad participation in refining the organization structure of the new Office of Human Development Services. It is anticipated that the new offices will be fully reorganized, with approved functional statements and new position descriptions by January 1, 1978.

Exhibit 1

THE CURRENT OHD ORGANIZATION

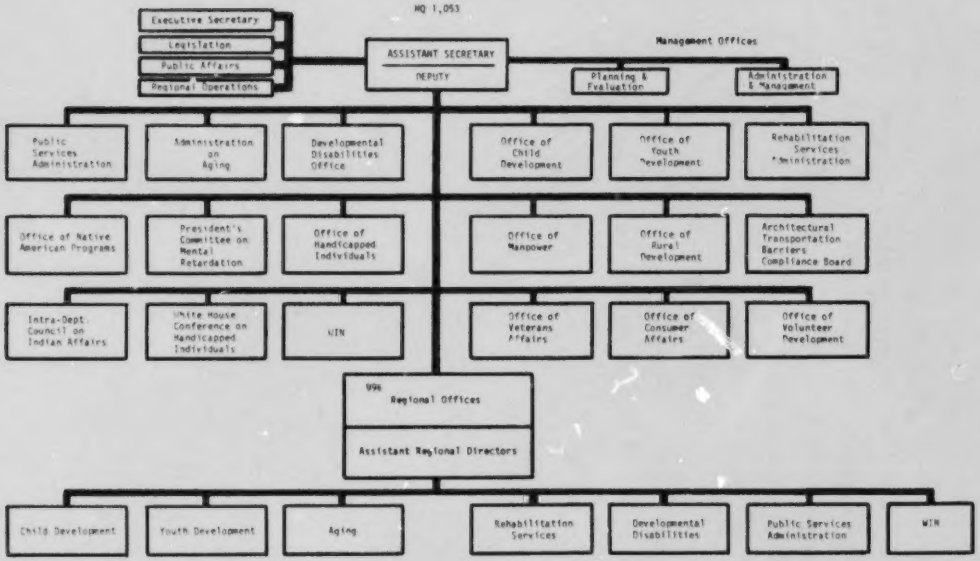
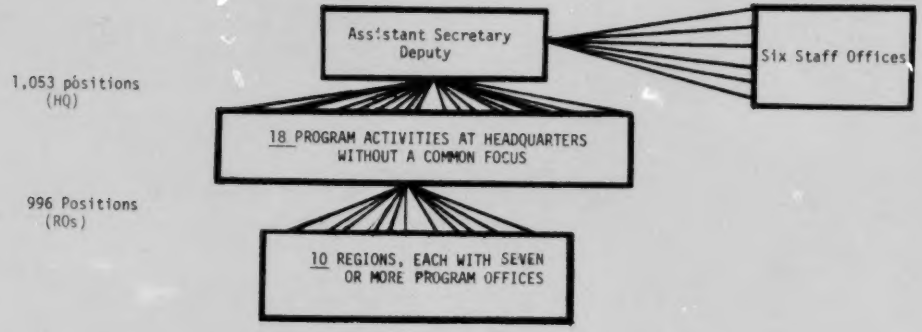


Exhibit 1

THE PRESENT ORGANIZATION

IS UNMANAGEABLE



Responsible for $4.9 Billion in Grants

Exhibit 2

DIRECTIONS FOR OHD

- To Rationalize Service Delivery by Focusing on
  - The Whole Person
  - The Family
  - The Community
- To Increase the Effectiveness, Efficiency and Accountability of Service Delivery Programs
- To Improve the Quality of Services and Address Critical Unmet Needs
- To Build Supportive Relationships at the Federal, State and Local Level, and with Consumers, to Achieve these Goals

Exhibit 3

ORGANIZATION REFORM

ACTIONS

CONSOLIDATE ALL PROGRAMS UNDER 5 MAJOR UNITS:

--Administration for Handicapped Individuals

--Administration for Children, Youth and Families

--Administration on Aging

--Administration for Public Services

--Administration for Native Americans

OUTCOMES

- More comprehensive focus for handicapped individuals
- More comprehensive focus for children and youth
- New focus for families
- Increased efficiency resulting from consolidation and closer coordination
- Simplified relationships with provider and consumer groups

CONSOLIDATE STAFF FUNCTIONS, INCLUDING ADVOCACY AND COORDINATION ACTIVITIES UNDER 4 ORGANIZATIONS WITHIN OASHD:

--Office of Planning Research & Evaluation

--Office of State and Community Affairs

--Office of Administration and Management

--Office of Policy and Management Control

- Improved Relationships with States, local government and other community groups
- Simplified funding and comprehensive service delivery programs
- Increased focus on State-of-the Art Program and Management Improvements
- Increased Accountability at the Federal level

Exhibit 5

CONSOLIDATION OF OHD PROGRAMS

ADMINISTRATION FOR CHILDREN, YOUTH AND FAMILIES

- Budget: c. $500 million
- Personnel: c. 410 (HQ&RO)
- Head Start
- Children's Bureau
- Child Welfare Services
- Child Abuse & Neglect
- Youth Development
- Research, Demonstration and Evaluation

ADMINISTRATION ON AGING

- Budget: c. $400 million
- Personnel: c. 250 (HQ&RO)
- Community Services
- Nutrition
- Senior Centers
- Federal Council on Aging
- National Clearinghouse
- Research, Demonstration and Manpower

ADMINISTRATION FOR HANDICAPPED INDIVIDUALS

- Budget: c. $1 billion
- Personnel: c. 450 (HQ&RO)
- Rehabilitation Services
- Developmental Disabilities
- Mental Retardation
- Research, Demonstration and Training
- Advocacy
- Technical Assistance
- Compliance
- Information

ADMINISTRATION FOR PUBLIC SERVICES

- Budget: c. $3 billion
- Personnel: c. 350 (HQ&RO)
- Title XX (Social Services)
- WIN
- Research, Demonstration and Evaluation
- State Training Programs

ADMINISTRATION FOR NATIVE AMERICANS

- Budget: c. $33 million
- Personnel: c. 40 (HQ&RO)
- Intra-Departmental Council on Indian Affairs
- Tribal Programs
- Urban Centers
- Alaskan Communities
- Native Hawaiians
- Research, Demonstration and Evaluation
- Training & Technical Assistance

CONSOLIDATION OF STAFF FUNCTIONS

OFFICE OF PLANNING, RESEARCH & EVALUATION

- Personnel: c. 55
- Program Planning
- Legislation
- Program Development
- International Research
- Evaluation and Analysis
- Program Systems Development

OFFICE OF STATE AND COMMUNITY AFFAIRS

- Personnel: c. 40
- Intergovernmental Operations
- Technical Assistance to State & local Governments
- Regional Operations
- Citizen Participation
- Veterans Affairs
- Rural Development
- Volunteer Affairs
- Public Information

OFFICE OF ADMINISTRATION & MANAGEMENT

- Personnel: c. 130
- Grants & Contracts Management
- Budget
- Financial Management
- Personnel Management
- Administrative Services

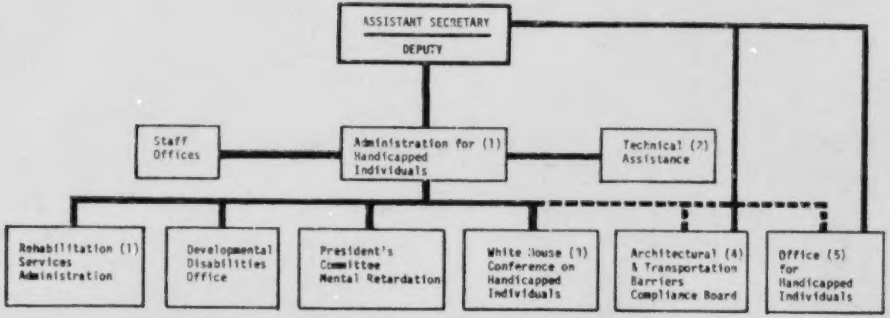
OFFICE OF POLICY MANAGEMENT CONTRO

- Personnel: c. 30
- Management Oversight & Tracking
- Affirmative Action/EEO
- Regulations
- Reporting Burden Reduction
- Consultant Contracts Review
- Executive Secretariat
- Reorganization

101

Exhibit 6

ADMINISTRATION FOR HANDICAPPED INDIVIDUALS



NOTES:

(1) Commissioner of the Administration for Handicapped Individuals also serves as Commissioner of the Rehabilitation Services Administration.
(2) In addition to other staff elements within the Office of the Commissioner, a technical assistance unit will be established to provide guidance and expertise to States, local government and other provider and consumer groups.
(3) The White House Conference on Handicapped Individuals staff (33 are detailees) will be absorbed in other organizations when work is completed at the end of FY 77.
(4) The Assistant Secretary will continue to serve as the Chairperson of the ATBCB, although the Commissioner's Office will provide liaison with Board staff and with other member agency representatives.
(5) The Office of Handicapped Individuals will report directly to the ASHD, but will coordinate all activities closely with the AHI Commissioner.

Exhibit 8

ADMINISTRATION FOR CHILDREN,

YOUTH AND FAMILIES

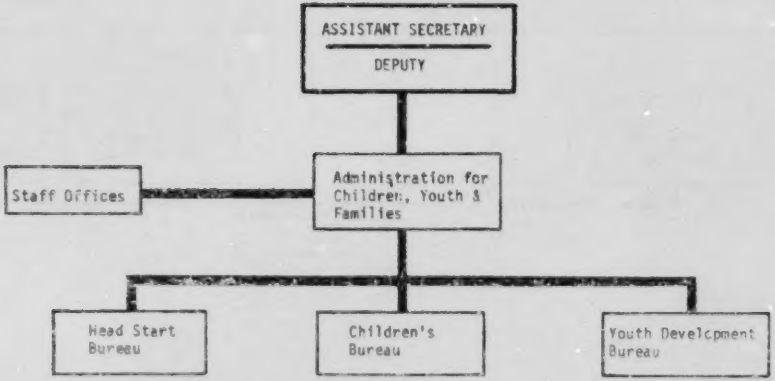


Exhibit 9

OFFICE OF HUMAN DEVELOPMENT SERVICES

After Reorganization

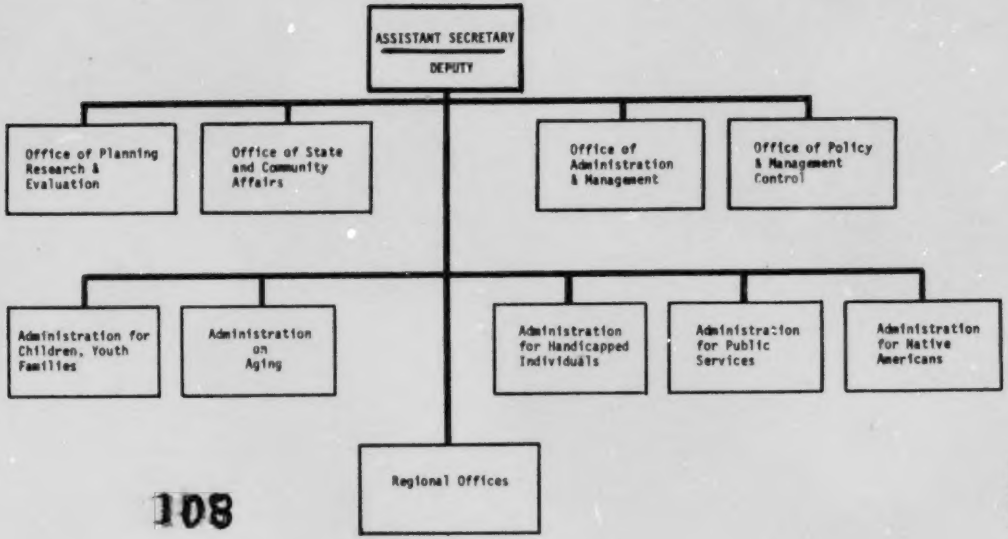
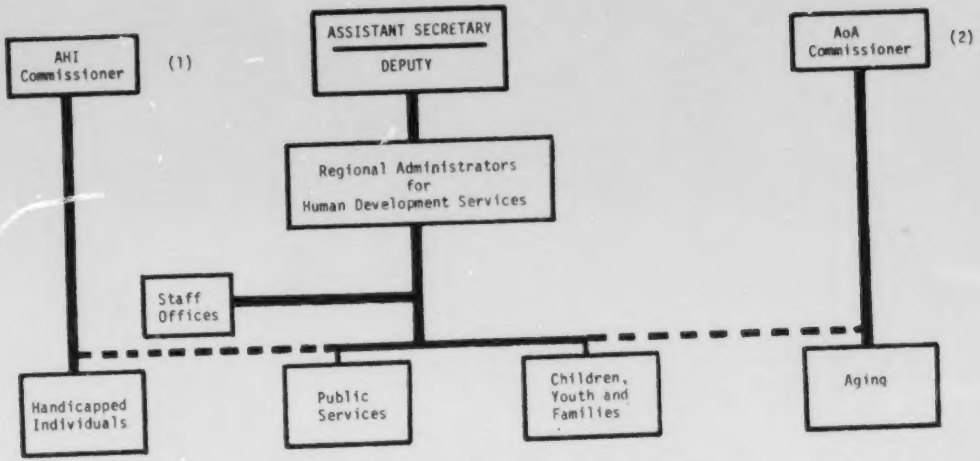

ASSISTANT SECRETARY
DEPUTY
Office of Planning Research & Evaluation
Office of State and Community Affairs
Office of Administration & Management
Office of Policy & Management Control
Administration for Children, Youth Families
Administration on Aging
Administration for Handicapped Individuals
Administration for Public Services
Administration for Native Americans
Regional Offices

Exhibit 9

Exhibit 10

REGIONAL OFFICE STRUCTURE

After Reorganization



(1) In accordance with legislative requirements, the head of the Handicapped Individuals unit will report to the Commissioner of the Administration for Handicapped Individuals.

(2) In accordance with legislative requirements, the head of the Aging unit will report to the Commissioner of the Administration on Aging.

Exhibit 10

Mr. BRADEMAS. Thank you very much, Ms. Martinez.

If your staff has kept you posted on the hearings last week on this matter, you will very certainly be aware that there was strong unanimity of opinion on the part of the various spokesmen for a number of groups served by OHD programs that they had not been consulted concerning the reorganization. In view of the fact that when Governor Carter was a candidate for President and since becoming President he has talked a great deal about the commitment of his Administration to encouraging maximum consultation in respect of reorganization, as well, indeed, as having encouraged maximum citizen involvement in government more generally, I wonder why there was no serious effort to consult with such groups?

A second related question—you refer in your letter of July 27 to what you describe as "a careful five-month study" of the reorganization of social services and human services programs.

I wonder why those groups were not consulted during this careful five-month study?

Ms. MARTINEZ. I strongly believe in citizen participation. I believe the President has made not only his intentions clear but also involved citizens in many of his functions.

With respect to the reorganization, it was the thinking within HEW that the preliminary reorganizattion should be completed within HEW, and as we then proceeded to analyze the issues and the various options which we had, we would be involving citizens.

That plan has been developed for citizen participation and consultation. There are a great number of issues which still need to be identified, which still need to have analysis done and we are looking to the citizens to help us with that identification and that analysis.

Mr. BRADEMAS. I, in like fashion, would put to you another similar question. You recall that you appeared before this subcommittee on the 11th of March, just six months ago. At that point, as the chairman of the subcommittee, I put to you some questions concerning the reorganization which had just occurred in HEW, which I learned about 20 minutes before it was announced to the press. At that time you indicated that the process of formulating your reorganization plan had just gotten under way.

I said to you, "Could you Ms. Martinez, comment on the impact on this particular program,"—the program was child abuse prevention—"of the administration's reorganization of the Department?"

You replied, "As you know, that reorganization just occurred."

I replied, "I read about it in the paper."

You replied, "Exactly how we will structure the new Office of Human Development, we do not know at this time."

I asked you, "Will the Children's Bureau and its responsibilities in any way be affected in the reorganization or have you made a judgment?"

You replied, "We really do not know. We have put together a reorganization task force. I do not know what they are going to come up with."

Then I asked you to comment on the impact of the reorganization on other programs, particularly two programs, namely, Rehabilitation Services Administration and the Administration on Aging. "We really do not know at this point," you replied.

I said, "I do hope the Department, in coming to some judgments on these matters, will be in consultation with members of the legislative committees that work in these fields." And I said that, "We have had considerable struggles in respect of the reorganization and structure of some of the programs within your area of responsibility."

I said, "I trust you will not disagree that it will be helpful in your understanding of what we feel to be implications of some of these programs to get the views of some of us who have lived with these measures for some time."

To which you replied, "We would certainly be very pleased to have you involved in our process."

But the fact is that we have not heard from you, and I daresay we would not have heard from you yet if the chairman of this subcommittee had not called these hearings. I am profoundly distressed. We went through the Administrations of Mr. Nixon and Mr. Ford. Although we, Ms. Martinez, you and I, are of the same political party as the present administration, I will not for that reason condone any attempt to do an end run or to ignore the very legitimate concerns of the people and the groups who are to be served by the programs we write into law.

You say in your statement, here on page 4: "Our plan is to work closely with members of Congress and their staffs, constituent organizations and employee unions at every stage of implementation."

I hope you will appreciate the fact that I have a profound skepticism as to how seriously I am to take that.

I did get a telephone call while I was abroad from Mr. Califano after the act had been done. But I do not regard that as consultation. I was simply notified of an accomplished fact. As you know, my staff had warned your staff that you were afoul of the law in respect to some of what you were attempting and we got you straightened out on that. Having lived with these programs for so long, I do not want to be in an adversary position, but I am simply astonished that you have ignored constituent groups, you have ignored us and the Senate side. I have checked and there was no serious effort to talk to them. That is a strong statement I make. I notice that I have a letter dated September 9, from your Mr. Master, Acting Director of Policy and Management Control stating that you would like to talk to us now. But I find it very hard to take that seriously in view of the history of the complete failure on the part of your shop to be in touch with us.

Now, I remember, as I said last week, how the House Majority Leader, Mr. Wright of Texas, told the President at a breakfast last Thursday that there are people in the executive branch who like to write laws without the inconvenience of running for Congress.

Ms. Martinez, I have been very critical of you in what I have just said so I want to give you a chance to have back at me.

But I must reiterate that I am deeply disturbed. I thought there would be a change in this administration. The last Administration deliberately sought to ignore the express intent of the Congress of the United States. This is not a personal matter. We have a responsibility to the people, not to the appointed bureaucrats, to the

people. I have a lot of other substantive questions about your reorganization, but I put to you now the question, why have you failed to consult with responsible members of Congress and with the constituent groups that you serve?

Ms. MARTINEZ. With respect to that second phase of reorganization, as I said earlier, there was a decision in HEW that that phase of the reorganization be considered merely a stepping stone—

Mr. BRADEMAS. By whom was that considered to be merely a stepping stone?

Ms. MARTINEZ. By the appointed officials in HEW.

Mr. BRADEMAS. Even after we had invited you as delicately and courteously as possible six months ago to come up and have a cup of coffee? We might even have come down there to have a cup of coffee with you.

Ms. MARTINEZ. I would have preferred to consult at every stage in the process. But there was a decision at the administrative level to postpone systematic consultation.

Mr. BRADEMAS. I am surprised that you use the phrase, "at the administrative level," I don't know if you mean your office, Secretary Califano's office, OMB. But I can tell you, this committee's experience with OMB in connection with reorganization matters has been dramatically different. The OMB people talk to us, they are not afraid of us. Why should you be following one course of action in respect to consultation while OMB follows a radically different course of action?

Ms. MARTINEZ. There has been consultation. This is not the first time we contacted you on September 9. We have been in contact with both the Senate and the House prior to the actual announcement. In terms of the final product, there will be considerable consultation. There have been legislative people here and at the Senate, talking all the time about this reorganization. It wasn't just today or before the hearing was called.

Mr. BRADEMAS. I do not think that is accurate, Ms. Martinez.

Ms. MARTINEZ. You ought to check our records.

Mr. BRADEMAS. I am the chairman of this subcommittee. I manage some of the bills. You have never talked to me. I am a fairly agreeable fellow to get along with. I want to know what you are about. We have had a titanic struggle with some of your predecessors. Yours sounds very much like one of Mr. Weinberger's modes of operation. I am still not satisfied that you have made an effort to consult with Congress and constituent groups as to policy and, indeed, on reorganization itself, as distinguished between just picking up the phone and letting us know this is what you in HEW have decided to do. I do not hear any commitment from you.

Ms. MARTINEZ. You have our commitment. I assure you that we will consult and it is within my capacity to do so.

Mr. BRADEMAS. I appreciate that, but I will be very difficult with you: you made that commitment six months ago in March and there is no record to demonstrate the proposition that you have been in consultation with this committee. All you have to do is look at the hearings and you will see that the client groups do not agree you have been in touch with them either.

I have some other questions on substance but before I get to them I will yield to Mr. Jeffords and Mr. Miller.

Mr. JEFFORDS. I thought because I was just a Republican and this was not sufficiently important to be concerned about, I was not apprised of the situation. I have been desperately trying to get information from the Secretary on 504 regulations. I was finally able to get a meeting with him. We have not had any answers from him. I find now the chairman has not been made akin to these regulations. I go down and have breakfast with other Republicans and the President and he tells us how we were to be consulted with. Then I look at a press release, dated the 6th of April. He states that Congress, state officials and private groups would be involved in every stage of the reorganization process.

Is that just something done for show? Or are you aware of that?

Ms. MARTINEZ. I don't think it was done for show. The OMB task force has been involved in considerable consultation. They have been criss-crossing the country as well as consulting here in Washington, D.C.

Mr. JEFFORDS. Have you ever seen this release?

Ms. MARTINEZ. No.

Mr. JEFFORDS. Later in a press release booklet it is stated, in sharp contrast to actual reorganization efforts, that it is expected the public will be of help in bringing about tentative proposals for reorganization.

Ms. MARTINEZ. I have not seen that particular one.

Mr. JEFFORDS. If you have not seen it, and if the other people who are doing the reorganization haven't seen it, how is this philosophy being enforced? I am confused. As far as we know, none of the groups involved have been consulted, no Congressmen have been consulted.

What does this mean to you?

Ms. MARTINEZ. I can't answer for the entire administration. But for myself, I believe in a lot of consultation not just with the Congress but with constituent groups. We have had a lot of people come to our office to meet with us. My assumption is this is the way the administration is working.

Mr. JEFFORDS. You stated you have or your people at least have been consulting with members of the staff relative to this. Can you tell us who it is they have been consulting with?

Ms. MARTINEZ. Nancy Amidei, who is with the Office of Legislation has been consulting with Jack Duncan prior to the reorganization announcement. That was just prior to July 26.

Mr. JEFFORDS. So, one day before the proclamation somebody called up and said, "We are going to reorganize and we want to know what you think about it"?

Ms. MARTINEZ. There were visits to various Senators and Congressmen.

Mr. JEFFORDS. Who are those who were visited?

Ms. MARTINEZ. I can give you a list of those contacted that I know about.

Senator Randolph, Congressman Brademas, Senator Cranston, Senator Williams, Congressman Rogers, Senator Magnuson, Congressman Long, Congressman Flood, Congressman Corman.

97-210 O - 77 - 8

As for staff, Jack Duncan and Marty LaVor are on the list.

Mr. BRADEMAS. Will the gentleman yield since my name is on the list? That is ludicrous. I had one telephone call from Secretary Califano. If that is consultation, it is not worth the paper it is written on.

As I indicated, I heard about the first reorganization of HEW about 15 or 20 minutes before the announcement was made. I objected then. So, we have tried to send up a flag and say, "We are here; we are in business."

But, Ms. Martinez, take my name off that list. It is not fair to say I was consulted.

Ms. MARTINEZ. The word used was "contacted."

Mr. JEFFORDS. The obvious question is who was consulted as to whether or not the proposals in your proposal were satisfactory. Who and on what dates?

Ms. MARTINEZ. No one. HEW decided to postpone consultation until the implementation phase.

Mr. JEFFORDS. I have a strong feeling about who that is. I just hope that you would let them know there are many of us who are concerned about the country and the way things are run, and not just about politics. And in our intentions for serving on this committee, we have the good of the country in our minds. We are not here to do war with you or just to be in a situation of battling. We want to do things right and see that the reorganization, whether Democrat or Republican, go forward and serve the people in the way they should be served.

I wish you would bring that message back. I thought Mr. Brademas made that clear at the last meeting; maybe in too polite a form. We want to help but all you do is put us in the position of doing battle with you and that is not the position we want to be in.

Mr. BRADEMAS. Mr. Miller.

Mr. MILLER. Ms. Martinez, I share the concern of my two colleagues. One of the questions I have is what is the status of the reorganization?

Ms. MARTINEZ. We consider there are four phases in the reorganization. The first was the March 8 announcement by the Secretary, an HEW-wide organzation. Since then there have been a number of reorganizations affecting the various offices of HEW. The next phase was July 26, when we moved the big boxes, as we call them, together. That was the actual reorganization, and was published in the *Federal Register*.

Mr. MILLER. In fact, movement of the boxes in lines of authority are in place and are working as depicted in that order.

Ms. MARTINEZ. Yes. There are still a lot of unresolved issues and problems relating to the reorganization but that we leave to the reorganization task force.

The third phase has to do with all the issue identification and comprehensive analysis, including not only the functions of each office and each regional office and each program, but of the job structures within the offices because many of the old jobs don't match the actual new functions.

Also, we are doing an employee inventory of talent and skills, because many of the employees are not in position where they can

function optimally. We hope that the third phase of the reorganization will be completed January 1st of '78. In the fourth phase, we don't have much to do except consult with OMB task force on the Federal Government-wide organization. We assume we will be affected by that.

Mr. MILLER. If we are unhappy about the way you move the boxes together, what do we do about it?

Ms. MARTINEZ. You can offer legislation to change it. In the whole reorganization phase you have every opportunity, including in this hearing, to let us know what you would like changed and how.

Mr. MILLER. On page 5 of your statement, you can see the reorganization of July 26 is by no means final or complete.

It is done, so we can go through the legislative process if we don't like it.

Ms. MARTINEZ. I would hope you would wait until we work together on the third phase.

Mr. MILLER. Then, after that is completed, we will be told about it and we can decide what we want to do about it. That is really confrontation politics. That is what you are asking for. I don't think there is a member of this committee who wants to go through what we have gone through before.

So the reorganization of the 26th is done?

Ms. MARTINEZ. Yes.

Mr. MILLER. Can you submit to us any of the issues raised by persons you consulted and the issues they have raised?

Ms. MARTINEZ. Yes.

Mr. MILLER. I don't think that consultation was very wide at all.

Ms. MARTINEZ. It was in the form of informational contact—they were told it was being done—rather than consultation.

Mr. MILLER. If we were treated that way how did the outside groups fare?

Ms. MARTINEZ. The same way.

Mr. BRADEMAS. What was the election all about?

Mr. MILLER. What was sitting down on VanNess Avenue or Commerce Street in San Francisco all about? That's what happened there. Told after the fact. When are people going to have a chance to do something before it is done to them?

Ms. MARTINEZ. I think we have programmed that into this third phase.

Mr. MILLER. The fact is that it is done. All the concerns we heard last week about people whether they were going to be overrepresented, underrepresented, whether people will have time to address their needs. It is done, so we can come back, redraft and redesign it through the legislative process, rather than working together and doing something which meets the benefits of those who receive the services and those who are trying to work within the program to deliver these services.

That's unacceptable.

Mr. BRADEMAS. I think it probably would be a good idea to get Secretary Califano in to testify. I don't know if he is fully aware of what has happened and the problems which will undoubtedly arise as a result of the process we have just been exploring with you.

Let me make this observation, Ms. Martinez, and not patronizingly. I refer to testimony on the 8th, last week, in a statement of Mr. Gashel from the National Federation of the Blind. He made the observation that the subcommittee has understood the meaning of program accountability. The history behind the statutory mandate for the organization of RSA and SRS is evidence of our sensitivity to the fact that organizational arrangements have substantive effects either negative or positive on the programs involved.

I would urge you get hold of the Brookings Institution publication on budget priorities for 1978. Look at the essay by Herbert Kaufman. I ask unanimous consent that the document referred to be inserted at the appropriate place in the record.

[The information referred to follows:]

CHAPTER TWELVE

Reflections on Administrative Reorganization

HERBERT KAUFMAN

AS MANY OF THE PRECEDING CHAPTERS indicate, opportunities for fresh program initiatives by the new administration are limited. Money for them is not at hand. Little can be raised by cuts in existing service levels because the security and stability of the nation and the benefits and advantages of countless special interests would be adversely affected by deep reductions in ongoing programs; the opposition would be insurmountable. At the same time, substantial real increases in government expenditures are not likely because of President Carter's declared determination to achieve a balanced budget by the end of his first term.

Under these conditions, the vision of freeing significant sums by reducing waste in government and using the savings to finance new programs without cuts in old ones, more taxes, or large deficits is especially appealing. The endless crusade against governmental inefficiency and complexity has therefore taken on renewed intensity.

Reorganization of the executive branch is a commonly advocated weapon against inefficiency and complexity, but it is not the only one. Changes in public policy can also be effective. Improvements in administrative management, budgeting, personnel administration, standard operating procedures, methods of purchasing, incentive systems, and other techniques of handling the day-to-day business of the executive branch can increase efficiency and simplify operations. But compared to reorganization—the creation of new administrative

organizations on a grand scale, the regrouping of old ones, the termination of outmoded units and the redistribution of their functions among others, changes in the degree of autonomy enjoyed by existing bodies, and other such transformations of structure—they are often seen as superficial, trivial, and politically unrewarding. Thus, when reformers strive to make government simpler, more efficient, and less costly—to get it "under control"—they tend to go the reorganization route. Yet reorganization is not self-evidently the most promising means to achieve efficiency, simplicity, and reduced cost.

The Frustrating Quest for Efficiency

The standard reorganization strategies for rationalizing and simplifying the executive branch often clash with one another. Many consequences of reorganization, it must be admitted, cannot be tracked; some claims made for specific strategies, and some of the charges against them, rest on nothing more than faith or prejudice or self-interest. Logically and empirically, however, various strategies appear to contribute as much to exacerbation of the problems of executive organization as to their solution. The probabilities of net gains, if any, seem very small. Reviewing the list of standard prescriptions for organizational improvement explains why.

Standard Prescriptions

Although myriad detailed proposals have been advanced to make the executive branch more orderly, symmetrical, and efficient, they all turn out to be variations on one or another of the following seven basic prescriptions.

1. Limit the number of line subordinates over whom any executive is assigned jurisdiction (commonly referred to as "the span of control"). This practice presumably avoids the dilution of leadership and keeps the executive from losing touch with what his subordinates are doing simply because there is too much to keep track of. It also allows immediate subordinates to check in with the boss as frequently as they feel they must in order to find out whether they are in compliance with his or her wishes. And it frees executive time for reflection about broad policy matters and for coping with external relations.

2. Group related functions under a common command. Otherwise, coordination is difficult to achieve and redundancies cannot be eliminated. Moreover, leaders with responsibility for a diversity of functions frequently find themselves at the mercy of their more specialized nominal subordinates.

3. Furnish executives with ample staff assistance so that they are provided with evaluations of subordinates' performance apart from those supplied by the subordinates themselves, with personal sources of information other than the formal hierarchy, and with capacity to work up their own programs and policies. They also need close, trusted, personal emissaries to interpret and expand on policy statements and orders because executives are usually too preoccupied with other demands to perform this function themselves. Forty years ago, the President's Committee on Administrative Management proclaimed emphatically, "The President needs help."[1] At least from that time forward, it has been an axiom of public administration that staff assistance lets an executive multiply his influence in his organization. Executive reorganizations at all levels have consistently increased such staff.

4. Authorize executives to reorganize fairly freely the agencies and units under their command. With such authority, executives would be able not only to take the initiative to rationalize the structures they head, but also to negotiate from positions of strength with the officers below them. In a pluralistic governmental system, bureau chiefs often effect political alliances that make them quite independent of their nominal superiors. Under these conditions, superiors generally need all the implements they can gather to exert the power of their offices.

5. On the other hand, *reduce* the vulnerability and obligations of certain agencies and agency heads to political leaders. Stability of policy is often considered vital to investment and advance planning; if policies were to be reversed every time there was a change of parties or of leaders within parties, the uncertainty could have depressing effects on economic development and growth. Furthermore, politicians are vulnerable to demands for special consideration and special advantages by constituents whom they hesitate to offend. To impede

1. The President's Committee on Administrative Management, *Administrative Management in the Government of the United States* (Government Printing Office, 1937), p. 5.

political oscillation and favoritism, many public servants have been granted security in office, permitting them to resist political pressures more readily than easily removable personnel can. Organizational designs are often fashioned with this end in view.

6. Decentralize administration. This strategy is sometimes adopted to promote efficiency, effectiveness, and responsiveness by empowering field officers to take action on their own, and thus to deal quickly with matters in their bailiwicks. Because of their knowledge of local circumstances, their judgments are said to stand a better chance of fitting local requirements and of convincing residents that local interests have been respected. Decentralization thus combines speed and adaptability and the possibility of controlled experimentation. It is therefore commonly recommended by critics of governmental cumbersomeness, coldness, and delay.

7. Increase public participation in the administrative process. Underlying this strategy is the premise that if people affected by governmental decisions and actions take part in the formulation of such measures, no interest will be overlooked or neglected and no significant consequence unanticipated. Few claims are made for the efficiency of such procedures, but responsiveness and, to a lesser extent, effectiveness can allegedly be improved in this fashion, thus diminishing the feeling that government is out of control.

Most of the techniques of reinforcing public participation in administrative decisionmaking are procedural rather than organizational. That is, decisionmakers are obliged at various points to afford opportunities to the public to express views on pending matters and to challenge judgments and policies already adopted. But there is also a structural means to this end—namely, giving an interest group an agency of its own, with a chief having a central role in government decisions affecting that group. It may be an entirely new agency or an older one elevated in status after separation from another organization in which it occupied a subordinate position. In either case, it provides the group with a representative in higher circles and a defender of its interests.

All these measures have been recommended as steps on the road to a better administrative system. They are meant to enable leaders to simplify structure, streamline procedure, coordinate action, build cohesive work forces, reward the diligent, expel the deadwood, moti-

vate the staff, rationalize their organizations, and stay attuned to the populace, thus lifting government to higher levels of efficiency, accomplishment, and humanity. They have therefore had considerable influence on federal structure.

The Prescriptions Have Been Followed

These doctrines of administration lie behind some familiar features of the federal executive branch.

1. Limiting the President's span of control and grouping related functions were among the principal reasons for establishing the Department of Defense, the prototypal "superdepartment" encompassing two ordinary departments previously at the cabinet level (War and Navy) and a new one of the same rank (Air Force). Similar considerations also gave rise to the Housing and Home Finance Agency, later to become the Department of Housing and Urban Development, which pulled together some of the scattered operations constituting the government's urban and housing programs and policies. Within departments, corresponding developments took place, with new administrative levels, such as the National Oceanic and Atmospheric Administration and the short-lived Social and Economic Statistics Administration in the Department of Commerce, interposed between secretaries and groups of bureaus.

2. Staff assistance for executives resulted not only in the Executive Office of the President, which was created in 1939 and experienced very rapid growth almost continuously from that time on, but in corresponding multiplication of deputy secretaries, under secretaries, assistant secretaries; assistants and deputies to all these new lieutenants; and staff units (legal counsel, public relations, congressional relations, personnel, administrative management, housekeeping services, budgeting, policy planning, and others) in virtually all departments. There are reasons why the Congress might sometimes feel uneasy about this trend. For one thing, it means increases in the size and cost of the executive branch. More importantly, it interposes officials oriented toward the President between congressional committees and "their" bureaus. Nevertheless, the doctrines of administration have been honored; the growth of staff has proceeded steadily.

3. Reorganization authority for executives at the presidential level was granted in generous measure during both world wars and the

Great Depression[2] and in more circumscribed grants at other times. The first Reorganization Act was passed in 1939, was superseded by the First War Powers Act during World War II, then reappeared with some modifications in 1945, and was reenacted regularly thereafter until it was allowed to lapse in 1973. Reinstating it was one of the first things President Carter requested of the Congress.

The reorganization acts of the past enhanced presidential managerial power by reversing the roles of the Congress and the President. They provided for the executive to submit reorganization plans that would automatically take effect with the force of law unless the Congress, which could not amend them, vetoed the proposals by voting them down within sixty days. They permitted the President "to appeal directly to the full membership of either house for support in a floor vote within a stipulated time on the package as he put it together, bypassing both the leadership and the legislative committee seniors if they are unsympathetic."[3] As a result, 86 of the 109 plans submitted from 1939 on succeeded.[4]

The Congress was always cautious about this delegation of power. It never made the legislation permanent, instead granting the authority only for limited periods, after which it had to be reenacted. Every act since 1964 excluded from the delegation authority to create or eliminate cabinet-level departments, thereby requiring regular statutes for these purposes. Some also restricted the number of plans to a maximum of one every thirty days, confined each one to a single subject, and forbade the establishment of new legal authority by means of plans. Early versions required negative votes in both houses to defeat a plan; later, a negative vote in either house was made sufficient. Despite the restraints, however, an eminent student of the re-

2. In World War I, sec. 2 of the "Lever Act" of 1917 (40 Stat. 276) and the "Overman Act" of 1918 (40 Stat. 556) conferred on the President broad powers of agency creation and reorganization for the duration of the war plus a period afterward. In the Great Depression, Title IV of the Economy Acts of 1932 (47 Stat. 382, 413–15) and 1933 (47 Stat. 1489, 1517–20) authorized extensive transfers, consolidations, and redistributions of executive agencies by executive order of the President (subject in the earlier statute to veto by either house of the Congress) for a limited period of time. In World War II, Title I of the First War Powers Act, 1941 (55 Stat. 838) similarly authorized sweeping reorganizations of "any executive department, commission, bureau, agency, governmental corporation, office, or officer" during and shortly after the war.

3. Harvey C. Mansfield, "Federal Executive Reorganization: Thirty Years of Experience," *Public Administration Review*, vol. 29 (July–August 1969), p. 341.

4. Office of Management and Budget, "President's Reorganization Authority" (OMB, April 1977; processed), app. 3, p. 4.

organization process, Harvey C. Mansfield, concluded that "reorganization plans have proved a serviceable device for shifting bureaus, realigning jurisdictions, regrouping activities, and upsetting some ties of influence."[5]

President Carter requested not only restoration of the 1971 law that had been permitted to lapse, but some additional powers as well. He proposed a four-year life for the legislation instead of a two-year authorization. He sought to eliminate the requirement that each reorganization plan treat only one subject. He called for omission of any limitation on the number of plans that could be submitted in a given period. And he asked for authority to amend a plan within thirty days after submission, to let him respond to congressional objections. A challenge by the chairman of the House Government Operations Committee requiring an *affirmative* vote by both houses to turn a plan into a law was easily turned back, but the President did not get everything he requested. The enacted bill contains only a three-year life span, the restriction on subject matter, legislative procedures to facilitate floor votes (thus preventing committees from bottling up resolutions of disapproval), exclusion of independent regulatory commissions from the executive's reorganization power, and a provision limiting to three the number of plans pending in the Congress at one time. Still, the President got the main authority he wanted.[6]

At the cabinet level, most department heads already enjoyed broad legal authority to redesign their organizations. Following the recommendations of the first Hoover Commission, a series of successful reorganization plans and some statutes vested in these and a few other officials all the authority given by law to the bureaus and subordinates under them, authorized them to redelegate those powers at will, and permitted them to transfer records, property, personnel, and, to a limited extent, funds within their own departments. Indeed, the logic of reorganization was pushed even further at this level than at the presidential level.

4. Insulating administrative agencies from politics was the major premise behind the original "independent" regulatory commissions,

5. Mansfield, "Federal Executive Reorganization," p. 341.

6. For a comparison of the various proposals for the reorganization act, see American Enterprise Institute for Public Policy Research, *The Executive Reorganization Act: A Survey of Proposals for Renewal and Modification* (The Institute, 1977). The statute is Public Law 95–17, April 6, 1977.

the autonomy of the Federal Reserve Board, and the merit system and job protection for the civil service. More recently, members of the Civil Service Commission, who originally served at the pleasure of the President, were given staggered terms of six years; a professor of administrative law suggested new protections for the commissions;[7] some experts called for the transformation of certain administrative tribunals into full administrative courts;[8] and a reorganization committee recommended that the merit system be expanded "upward, outward, and downward."[9] Even with added protections, none of these institutions can be made totally immune to political pressure. But because of the safeguards around them, they are in a better position to resist such pressures when they want to than they would be without their special shields. Few architects of government expect more than that.

5. Decentralization has had a spotty record within the executive branch (as distinguished from intergovernmental relations, where, through revenue sharing and block grants, the federal government recently returned to states and localities some of the discretion over their affairs it had acquired).[10] Executives have not been disposed to delegate power freely to their subordinates, nor have subordinate administrators been any more generous with *their* subordinates. In any case, citizens applying for agency benefits or other actions do not ordinarily accept adverse decisions at lower levels, but push their cases upward through administrative and political channels in the hope of securing favorable judgments. Still, students of government continue to urge administrative decentralization with great regularity, and now and then a modest step in this direction is taken by this agency or that.[11]

7. Bernard Schwartz, *The Professor and the Commissions* (Knopf, 1959), chap. 7 and pp. 266–69. For a contrasting view, see Emmette S. Redford, "The President and the Regulatory Commissions," *Texas Law Review*, vol. 44 (1965–66), pp. 288–321.

8. Commission on Organization of the Executive Branch of the Government, *Legal Services and Procedure: A Report to the Congress* (Government Printing Office, 1955), pp. 87–88. See also its Task Force report on the same subject and of the same date, pp. 246–56.

9. President's Committee on Administrative Management, *Administrative Management*, p. 7.

10. See James A. Maxwell and J. Richard Aronson, *Financing State and Local Governments* (3rd ed., Brookings Institution, 1977), chap. 3, esp. pp. 71–76.

11. The Department of Housing and Urban Development, for example, adopted a plan of reorganization in 1969 and 1970 that called for decentralization to field

6. Participation by the public in administrative decisionmaking became such a rallying cry in recent years that many people do not realize it has a long history in our government.[12] There are agencies that represent specific groups (the Departments of Labor, of Agriculture, and of Commerce, for instance, and the Veterans' Administration). There have been administrative boards made up of representatives of various interests, and advisory boards that give interests a voice in policy making. Even prior to enactment of the Administrative Procedure Act in 1946, but more so since then, provisions were made to obtain the views of people affected by impending administrative legislation and adjudications before these decisions became final. To be sure, unorganized interests, which for a long time included such large groups as consumers, the poor, and women, were comparatively ineffectual in pressing their views on administrative actions, and recent efforts to redress the balance may well begin a new chapter in the history of administrative organization and procedure. If so, however, it will be a chapter in a very long book; organizing for interest-group participation is nothing new.

The structure of the federal executive branch is thus in large part the product of the standard prescriptions for better administration. Abstract doctrine has been established in practice.

General Contradictions in the Prescriptions

One of the first things close examination discloses is that the standard prescriptions for reorganization tend in opposite directions. The first four standard prescriptions push power upward in hierarchies, building leadership strength and exerting a centralizing thrust. The last three impel power outward and downward; theirs is an impulse toward dispersal of authority.

Some people maintain that the tendencies are not opposed at all. The making of broad policies, they say, can be centralized while the

offices and established new area offices within regions to carry out the plan. Decentralization was also among the reasons for establishment of common regional boundaries and common headquarters cities for many departments and agencies; see Harold Seidman, *Politics, Position, and Power: The Dynamics of Federal Organization* (Oxford University Press, 1970), pp. 59–61, and *United States Government Manual, 1976/77* (GPO, 1976), app. D. See also Martha Derthick, *Between State and Nation: Regional Organizations of the United States* (Brookings Institution, 1974), chap. 7.

12. Avery Leiserson, *Administrative Regulation: A Study in Representation of Interests* (University of Chicago Press, 1942).

administration (or "execution" or "implementation") of those policies can be decentralized and dispersed. Although the old distinction between policy and administration, argued most cogently by Frank Goodnow early in this century,[13] had fallen on hard times by the third quarter of the century, it has never been invalidated. There are still many who subscribe to the view that an organization can concentrate policy formulation while devolving administrative responsibility.

On the other hand, if policy is defined as what is actually done rather than what is said or intended, policy and administration cannot be separated in practice, and the contradictory thrusts cannot, by this definition, be reconciled. Theorists of this persuasion[14] hold that leaders who stay aloof from the nitty-gritty of their organizations' operations soon find themselves exercising less and less influence over the actions of those below them. If, however, they endeavor to shape policy in practice by controlling the administrative behavior of their subordinates, they obviously are directing things from the center. Thus, policy and administration being closely intertwined, centralization and decentralization cannot be pursued simultaneously. To get control of policy, it is necessary to get control of administration. If administrative discretion is decentralized, policy follows close behind. Organizations cannot have it both ways, and it would be futile to attempt to apply all seven techniques of organizational improvement at once to a given set of circumstances. Choices must be made. Difficult trade-offs cannot be avoided.

Specific Mutual Negations and Hidden Costs

To be more specific, grouping related functions under a common command wars with the separation of agencies from the hierarchy of

13. Frank J. Goodnow, *Politics and Administration: A Study in Government* (Macmillan, 1900), esp. chap. 4. The distinction had been drawn earlier, though not argued so fully, in Woodrow Wilson, "The Study of Administration," *Political Science Quarterly*, vol. 2 (June 1887), pp. 197–222; reprinted in vol. 56 (December 1941), pp. 481–506.

14. Luther Gulick, for example: "Much of the actual discretion used in administration is used at the very bottom of the hierarchy, where public servants touch the public. The assessor who walks into the home and sees the furniture and the condition of the house, the policeman who listens to the motorist's story, the health inspector who visits the dairy, the income tax auditor who sees the return and interviews the taxpayer—all these people are compelled to exercise more discretion, and more important discretion from the point of view of the citizen, than many other functionaries much farther up in the organization. While this is the actual situation in badly organized and poorly directed administrative units, it cannot be completely eliminated even in the best." "Politics, Administration, and the 'New Deal,'" *Annals of the American Academy of Political and Social Science*, vol. 169 (September 1933), p. 62.

the executive branch in order to protect them from political pressures. Coordination and control are increased by hierarchy, but political favoritism and other forms of special consideration are facilitated when organizational barriers to these practices are removed. Some students of administration are so appalled by disclosures of such abuses that they advocate making the barriers around many agencies higher and stronger. Each standard prescription has advantages, but it is impossible to get the advantages of both at the same time.

Similarly, increasing participation by agency clientele in agency decisionmaking opens the way for narrow political interests to exert powerful influence on administration. Indeed, if it is coupled with separation from the executive hierarchy and resolute decentralization, it can be tantamount to turning important sectors of the government over to special interests. It is certainly at the opposite end of the scale from taking politics out of administration and keeping administration out of politics. And it also conflicts with the implications of keeping the span of control narrow.

Reinforcing agency autonomy so as to stiffen resistance to efforts at improper intervention by politicians likewise runs afoul of the strategy of allowing executives to reorganize fairly freely. Independence and its benefits come at the expense of reorganization authority and *its* advantages, and vice versa. There is no way to avoid this trade-off.

And so it goes. Limiting the span of control in a large organization produces a "steeper" hierarchy with more administrative layers, thereby insulating leaders from front-line realities and slowing the process of reaching decisions. It also contributes to the emergence of superdepartments, and of superagencies within departments, which impedes capture of the superadministrators by a single set of narrow interests, but imposes on them such a wide array of responsibilities that they are often at a disadvantage in dealing with their more specialized subordinates. At the same time, superdepartments are created by downgrading ordinary departments, making departmental leadership posts less attractive to many prospective heads.

Grouping agencies or activities by common purpose renounces the advantages of grouping them by target clientele, by area, or by process (not to mention by other purposes). Decentralizing by delegating discretion to lower echelons jeopardizes coordination and consistency, and risks entrapment of field offices by local private and political interests.

The insulation devised to exclude politics from administration at all levels itself entails some significant costs. Government officers and employees with substantial job security sometimes come to regard elected officials and political executives as amateurs, birds of passage, and opportunists compared to career public servants who know their programs and dedicate their lives to them. Under these circumstances, it would be natural for some careerists to feel that instead of bending to every shift in political winds, they should occasionally use their staying power to outlast their political superiors and make their own policies prevail.

Even building up executive staff assistance, once regarded as self-evidently beneficial, can impose heavy charges on the system if allowed to proceed unchecked. In the Watergate inquiries and their aftermath, it became clear that platoons of staff assistants can isolate an executive from currents of opinion and discontent in the country, from the rest of the government, and from his own line lieutenants, the members of the cabinet. Meanwhile, staff members often muddy the waters of administration by intervening in the operation of departments and agencies in the name of their chief, who may know nothing of their adventures.

It was more than thirty years ago that Herbert A. Simon pointed out that administrative principles are like proverbs in that they come in mutually contradictory pairs.[15] "Look before you leap," but "he who hesitates is lost." "Haste makes waste," but "strike while the iron is hot." "Absence makes the heart grow fonder," but "out of sight, out of mind." "Clothes make the man," but "all is not gold that glitters" or "don't judge a book by its cover." The analogy is still apt. There is wisdom and truth in both parts of each pair. The genius of the reorganizer is to know which trade-off to make at a given time.

Real Payoffs

Obviously, no reorganization is inherently right or wrong. No given administrative pattern will invariably increase efficiency, effectiveness, or responsiveness. In particular circumstances, identical organizational arrangements may produce diametrically opposite effects while radically different arrangements may produce identical effects.

15. Herbert A. Simon, "The Proverbs of Administration," *Public Administration Review*, vol. 6 (Winter 1946), p. 53.

It All Depends, declared Harvey Sherman in his book by that title.[16] One can hardly quarrel with that.

None of this means, however, that there is no point to reorganizing. On the contrary, the consequences of reorganization are frequently profound. But the profound, determinable consequences do not lie in the engineering realm of efficiency, simplicity, size, and cost of government. Rather, the real payoffs are measured in terms of influence, policy, and communication.

Effects on Influence

For example, reorganization redistributes influence. If the Arms Control and Disarmament Agency had been set up in the Department of Defense instead of as an independent unit, it seems likely that the advocates of arms limitations would have had less impact on policy than they did. Policy recommendations to the President and the Congress filtered through the armed services community would almost certainly have been unlike the proposals emerging from an agency with a different perspective on the world, a different mission, and a different set of priorities. Moreover, the conduct of negotiations over disarmament and arms limitations would probably not have been as vigorous, patient, or perseverant under exclusive Defense Department auspices.

Similarly, if environmental protection were scattered among environmental protection units in other agencies instead of being lodged in the Environmental Protection Agency, chances are the views of environmentalists would have been swamped by oil interests in the Federal Energy Administration, air and highway interests in the Department of Transportation, coal interests in the Department of the Interior, and so on. Within the policymaking councils of the government, the environmentalists' voices would have been muffled, if not silenced.

Consumer groups are demanding a separate consumer agency for the same reason. Consumer units dispersed among producer-oriented agencies, they are convinced, would not carry much weight; they want

16. *It All Depends: A Pragmatic Approach to Organization* (University of Alabama Press, 1966), esp. chap. 2. See also Seidman, *Politics, Position, and Power;* Peri E. Arnold, "Reorganization and Politics: A Reflection on the Adequacy of Administrative Theory," *Public Administration Review*, vol. 34 (May–June 1974), pp. 205–11; and Herbert A. Simon, Donald W. Smithburg, and Victor A. Thompson, *Public Administration* (Knopf, 1950), chap. 7.

a body beholden to them in the top levels of the government. Not only would they expect to acquire strength directly; central agencies also serve as rallying points for previously dispersed pressure groups with overlapping interests.

People will argue over the effect of such differences in structure on efficiency, and over the danger of needless complexity, and will come to different conclusions according to the goals they favor. They will commonly agree, however, that different structures strengthen the hands of some officials and interest groups and reduce the ability of others to get what they want. The effects are not precisely measurable or completely predictable, but their general thrust is usually discernible.

Effects on Policy

Who acquires power and who is deprived of power would be of interest only to the people involved were it not for the implications of such redistributions for governmental policy; what the government *does* is determined by the distribution of influence. For example, if an overarching energy agency is given access to the inner councils of government and power over sister agencies, energy conservation is likely to be stressed even if it slows economic growth, inhibits the rise in the standard of living or even reduces the level of convenience and comfort, and perhaps even increases unemployment. At the same time, intensified striving after increases in energy production might lead to relaxation of environmental safeguards and uncontrolled prices for energy producers that are passed on to consumers. If the energy agency's powers are split up, lodged in hostile parent organizations, placed at low administrative levels, and given scant authority, other values will probably take precedence over energy considerations, with the result that vulnerability to political pressures by oil producing countries, to severe trade imbalances, and to recurrent domestic shortages will increase steadily.

If preferred status is accorded those who believe the economic marketplace is the best promoter of the manifold interests in our society, government regulation of economic activity will be reduced while efforts to break up industry-dominating combinations and competition-suppressing agreements are emphasized. If stronger positions are given to those who believe there are benefits in large-scale operations, and that the way to protect the public interest is to control

them rather than to try to dissolve them in a vain quest to preserve a market through government power, then more and more industries will be treated as public utilities and subjected to surveillance and regulation by specialized government agencies.

To take still another example, the Occupational Safety and Health Administration was placed in the Department of Labor and its regulations were addressed heavily to mechanical hazards and to worker comfort. Had it been put under the assistant secretary for health in the Department of Health, Education, and Welfare, there is reason to surmise that chemical and biological dangers to workers probably would have received higher priority in the regulations.

Organizational arrangements in government, in short, affect not only the leaders and members of the organizations established or moved or redesigned; they impinge on the lives of millions of other people in this generation and the future.

Signals

Organizational arrangements are also a means of communicating the government's intentions. They signal people inside the government, people throughout the country, and, indeed, people and governments throughout the world what this government's emphases will be. Such signals often influence the behavior of those who receive them. All too often, they are misconstrued, so the architects of administration would be mistaken to let the symbolic considerations dominate their designs. At the same time, however, administrative designers would be remiss if they did not take into account the interpretations that may be placed on their handiwork. How well their designs work depends in part on the designers' success in selecting organizational patterns that evoke from everyone concerned the kind of behavior the patterns are meant to produce. The symbolic component is a useful and, indeed, a powerful tool.

Thus, a leader who transfers, combines, and splits organizations in government for engineering purposes will usually find that nobody can be sure whether any progress has been made toward those goals. All too often, the effects on efficiency, simplicity, and cost cannot be determined at all. When they can be assessed, what is successful by one standard may be a failure by another; what improves things in one way makes them worse in another. Real political capital is thus consumed in the pursuit of phantom goals. In contrast, a leader who

shifts organizations around to confer power on selected people or remove it from others in order to mold government policies, and to impress on everyone what his or her values and priorities are, will more often be rewarded with a sense of having expended political resources for significant accomplishments. The calculus of reorganization is essentially the calculus of politics itself.

A Case in Point

Despite President Carter's emphasis on efficiency, simplicity, and reduction of government size and cost, the first major reorganization step by his administration seemed to be based on the real payoffs rather than on the standard prescriptions. Within six weeks after his inauguration, the President sent to the Congress draft legislation for the creation of a new, cabinet-level Department of Energy in which most of the economic regulatory functions of the government with respect to energy were to be consolidated.

The proposal certainly concentrated power at a high level (and thus made the position attractive to an administrator of stature and drive). It signaled the President's intentions forcefully. It was a longer stride to formulation of a comprehensive energy policy than the government had previously considered. But its consequences for efficiency and simplicity were quite ambiguous.

To be sure, it called for the abolition of three independent agencies (the Federal Energy Administration, the Energy Research and Development Administration, and the Federal Power Commission) and the vesting of their powers in the new secretary. It also provided for the termination of a coordinating body, the Energy Resources Council. It placed under the command of the secretary units transferred from at least eight other departments and agencies with jurisdiction over parts of the energy field. And it centralized in bodies located in the new department the collection and analysis of energy information and the making of rules on economic regulation of energy.

But if it were adopted as formulated, it would stretch the President's span of control, create as many new structures as it abolishes, and generate fresh problems of coordination. The new department would be the twelfth at the cabinet table. In addition to the department itself, two new administrations with heads appointed by the President (the Energy Information Administration and the Energy Regulatory Administration) would be established and housed in the

department, and the presidential message accompanying the draft statute expressed the intention of establishing by executive order an interdepartmental coordinating body chaired by the Secretary of Energy to "manage government-wide concerns involving energy." Health, safety, and environmental regulation (as distinguished from economic regulation) were not included within the department's purview; these would remain under the administration of untouched existing agencies. "Because public concerns about the safety of nuclear power are so serious," the President said in his message accompanying the bill, "we must have a strong, independent voice to ensure that safety does not yield to energy supply pressures. Therefore, the Nuclear Regulatory Commission will remain as an independent body. For similar reasons, the Environmental Protection Agency should remain independent to voice environmental concern." Under these arrangements, he acknowledged, "problems of interdepartmental coordination will remain, since virtually all government activity affects energy to some extent."[17] Clearly, the standard prescriptions for reorganization gave the President little helpful guidance, so he set them aside. Power, policy, and symbolic factors were the crucial elements in the decision to recommend the Department of Energy.

The public record contains few clues to other structural options President Carter may have weighed and rejected. Certainly, there are other organizational arrangements that might have been considered. In World War II, for instance, the need to draw together all the resources of the government for the conduct of the war led to the creation of the Office of War Mobilization, a unit with powers second only to the President's. When the war ended, it also took charge of the adjustment to peace under the expanded title, Office of War Mobilization and Reconversion. A comparable pattern might have been adapted for energy problems. OWM, however, was probably suitable for difficulties of relatively short duration, during which all values could be subordinated to one overriding objective. Energy problems, on the other hand, are likely to be with us for a long time. To deal with problems of this nature, the OWM format, had it been considered at all, would doubtless have been ruled out as inappropriate.

Conceivably, the National Security Council might also have served

17. "Energy Reorganization Message," President Carter's Message to Congress, *Congressional Quarterly*, vol. 35 (March 5, 1977), p. 404.

as a model. When a matter is both urgent and interagency in scope, a collegial organ is the logical structure for decisionmaking. Chances are, however, that another deliberative body consisting of the President and key cabinet officers, making demands on the already scarce time of top officials, would also have been judged unlikely to succeed.

Another model that might have been considered is the Office of Economic Opportunity, a command post in the Executive Office of the President to supervise and stimulate existing agencies where coordination and innovation are needed, and to undertake some new operations on its own. But OEO's function did not consist of controlling economic activity and technological exploration. Furthermore, justly or unjustly, OEO became a highly controversial agency. It, too, would not have commended itself as a promising prototype for energy administration.

Thus, none of the immediately evident alternatives to an executive department could have had as much appeal to the President as the Department of Energy. Other options do not seem even to have been in the running at all. But they were not ruled out by the ambiguous conventional lore of reorganization; what defeated them were the hard realities of national needs and power politics.

Organizing the Reorganizers

The hard realities can shape the President's reorganization agenda for him, and perhaps push him in directions he may not want to go. Already in the wings, no doubt heartened by the proposal for a Department of Ener[illegible], stand groups seeking (and perhaps, on the basis of their reading of campaign oratory, expecting) elevation of the Office of Education, now in the Department of Health, Education, and Welfare, to full department status. Meanwhile, the secretary of HEW, with presidential approbation, ordered major structural changes in his department, shifting, abolishing, and creating components to handle health care financing, cash assistance payments, student financial assistance, human development and social services programs, and departmental management. Other secretaries have similarly embarked upon, or at least have been contemplating, changes of corresponding magnitude. A consumer protection agency is in the works. How such developments will fit into larger plans for the executive branch remains to be seen; clearly, however, some at-

tractive organizational strategies may be foreclosed unless the administration is prepared to undo a number of ad hoc actions now being taken. If it is, great elements of uncertainty and turbulence would pervade the administrative system. To deal systematically with this risk, and to seize and hold the initiative, the President will doubtless strive to formulate a general scheme of reorganization. If so, he will have to make some hard choices with respect to the approach, scope, and form of the reorganization effort.

As regards the approach, the broad options are to commission a grand design for the whole executive branch and delay all large-scale changes until the design is complete or to begin at once to work on selected problem areas one after the other and introduce changes as each one is resolved. The options on scope are to restrict organizational considerations to existing governmental programs and levels of operation or to direct reorganizers to suggest changes in policy as well as modifications of structure. The options on form are to employ some kind of special committee to draw up recommendations or to use the expertise and resources of existing bodies and units within the government. Within each strategic option, additional choices must be made, but they are just variations on the major themes.

Neither of the broad strategies in each pair is inherently superior to the other. As with everything else, evaluations depend on the objectives sought. But each has consequences associated with it that can be outlined in advance.

Approaches to Reorganization

Commissioning a grand design, for example, gains the President breathing space; waiting for the finished product provides him with a justification for declining to act on proposals from other politicians, from interest groups, from the bureaucracies, and from other sources when his mind is not made up, and it temporarily suspends the complaints about administrative shortcomings from many of his critics. It also permits a comprehensive examination of a system in which everything impinges on everything else, and in which piecemeal remedies for ills in one part may therefore engender even worse ailments in other parts. On the other hand, if the President does wish to change a part of the system, the opponents of his alterations might also plead persuasively for delay until the full design is at hand. And

incremental reforms often turn out to be more successful than global efforts.[18] The sword is double-edged.

Strategists also have to estimate what sort of reception each reorganization approach will enjoy. Grand designs frequently mobilize all the defenders of the status quo at once; each defender usually opposes only a small bit of the total plan and is indifferent to the rest, but presenting the whole thing in one package brings all of them out simultaneously and can doom the package before it has a chance to gather support. Taking things one step at a time permits supporters to deal individually, and more effectively, with the opponents. Eschewing the grand design, though, may deprive reorganizers of a banner under which to rally all their backers, a device to build enthusiasm and a sense of accomplishment, and a vision of the way the parts fit together. Thus, supporters may be reduced to a small band rushing from battlefield to battlefield on which numerous special interests protecting their respective sectors of the status quo have the advantage. The choice of approach depends on the President's assessment of the political weather and the breadth of his aspirations.

How Much Scope for the Reorganizers?

With regard to scope, forbidding reorganization planners to suggest changes in policies and in the levels of government activity may reduce them to tinkering with marginal adjustments in the prevailing system. The big opportunities for organizational change are often tied to elimination or contraction of certain services or regulatory functions, and to expansion of others. But linking discussions of reorganization with debates over the role of government in society and other fundamental philosophical issues invites divisions among the structural planners likely to preclude even the limited consensus on administrative arrangements possible in a more circumscribed sphere of responsibility. It imposes on organizational designers obligations as broad as the entire political system. It can involve every proposed organizational change, no matter how innocuous, in bitter controversy. The decision on scope therefore depends on whether the Presi-

18. David Braybrooke and Charles E. Lindblom, *A Strategy of Decision: Policy Evaluation as a Social Process* (Free Press, 1963), esp. chap. 6; Charles E. Lindblom, *The Intelligence of Democracy: Decision Making through Mutual Adjustment* (Free Press, 1965), esp. pp. 303–09.

dent regards reorganization as a means to develop proposals for policy changes or purely as a managerial tool.

Forms of Reorganization Leadership

The options with respect to form diverge widely. Some reorganization plans drawn up under past reorganization acts seem to have been formulated primarily by government officers and employees in the executive branch. When Presidents wanted to make changes in especially sensitive areas or of sweeping effect, however, they usually appointed a body for the specific purpose of offering recommendations. The two Hoover Commissions[19] were the most elaborate, their composition being specified by statute; the President, the Speaker of the House, and the President pro tempore of the Senate each appointed four, two of each group coming from the executive branch, the House, and the Senate, respectively, and two from private life. In the case of the first commission, not more than one of each pair could be from the same major political party, a restriction not imposed on the composition of the second.

In contrast, bodies appointed by Presidents Roosevelt, Johnson, and Nixon were not established by legislation, and their members were the President's personal choices.[20] President Eisenhower also had such a group, in addition to his Hoover Commission.[21] Roosevelt's committee had only three members, none of whom was in full-time federal service at the time, though all were experienced in government. Eisenhower's also consisted of only three members, of whom two were in high government positions and one was from private life.

19. The first of these, officially named the Commission on Organization of the Executive Branch of the Government, was established in 1947 (61 Stat. 246) and reported in 1949. The second, bearing the same name, was established in 1953 (67 Stat. 142) and reported in 1955.

20. Roosevelt's group was the President's Committee on Administrative Management (the "Brownlow Committee," after its chairman, Louis Brownlow). Johnson's first Task Force on Government Reorganization (the "Price Task Force," after its chairman, Don K. Price) was one of eleven task forces on various issues appointed just before Johnson's election; his second, a couple of years later, was also called the President's Task Force on Government Organization (the "Heineman Task Force," after its chairman, Ben W. Heineman). Nixon's was the President's Advisory Council on Executive Organization (the "Ash Council," after its chairman, Roy L. Ash).

21. Eisenhower's group was the President's Advisory Committee on Government Organization (Executive Order 10432, January 24, 1953), consisting of the chairman, Nelson A. Rockefeller (then Under Secretary of Health, Education, and Welfare), Arthur S. Flemming (Director of the Office of Defense Mobilization), and Milton S. Eisenhower.

Each of Johnson's two task forces had ten members, including high federal officials, former officials, state and local officers, and private citizens. Nixon's was composed of five, all from outside the federal government, though one had been a bureau chief and one had been a governor who developed strong Washington ties.

The main reason for setting up special bodies rather than using the regular instrumentalities of government is probably that Presidents are loath to seek advice on change from people with heavy stakes in existing institutions and arrangements. They may also want diversity of viewpoint so that no major problem areas are overlooked and no proposals advanced that are unacceptable to a diverse audience. Moreover, the prestige of the members of a carefully picked body can lend authority to their findings that the same findings put forth from inside the government would not enjoy.[22]

But prestigious committees sometimes bring out reports that a President opposes. Admittedly, the same thing can happen when work is done inside the government. The chances of shaping things more closely to the President's liking, however, are at least a little higher when they are within his own official family. That is probably why Roosevelt and Nixon kept their groups small and nonstatutory, why Johnson treated his task forces' proceedings and reports as submissions to him personally (they still have not been released officially), and why Eisenhower's committee likewise did not produce formal, public studies (even though its recommendations did get into the news from time to time and some were translated into reorganization plans).

Most of the smaller groups brought in relatively short reports and comparatively few recommendations, and concentrated especially on the broad outlines of the executive branch and the problems of the presidency. The larger, more formal commissions delved more deeply into specifics at all levels of management, producing long reports and hundreds of recommendations. It appears that the smaller bodies tended to view the executive branch primarily from the President's standpoint, while the larger ones, reflecting their diversity of origin and interest, ranged more widely.

Of course, it is possible to strengthen and expand the managerial

22. But, according to Mansfield, "Federal Executive Reorganization," p. 335, "The appointment of a mixed public commission is likely to be read as a sign of weakness or irresolution on his [the President's] part."

resources of the Office of Management and Budget and use *them* as the core and driving force in a reorganization campaign. Indeed, the renaming and restructuring of the Bureau of the Budget by President Nixon were intended in part to restore the emphasis on administrative management that many observers felt had been allowed to decline over the years.[23] If this thrust were maintained, it could produce groups of specialists with an ongoing concern for organizational and procedural improvements, a governmentwide view of the implications of individual changes, a steadily accumulating body of experience in planning and administering administrative change, a commitment to administrative change as a continuing process rather than as a single, instantaneous measure, and sufficient detachment from the program responsibilities of line agencies to escape their reluctance to rock any boats. But this mechanism generates a steady stream of incremental adjustments rather than a massive, dramatic rearrangement of the whole executive branch to which leaders can point with a sense of pride and accomplishment. It can gradually acquire the perspectives and values of agencies and programs it was meant to improve, and thus become a high-level impediment to change. If it avoids this pitfall, its continuous proposals for organizational change will be perceived as harassment by many line officers and their constituencies, and as endless niggling by busy legislators. And it lacks the potential prestige and symbolic stature of blue-ribbon panels.

Thus, like everything else associated with reorganization, the options for organizing the reorganizers entail trade-offs. No matter which choices are made, something valuable will be given up as well as gained.

23. Nixon's message accompanying Reorganization Plan Number 2 of 1970 (March 12, 1970) said in part, "creation of the Office of Management and Budget represents far more than a mere change of name for the Bureau of the Budget. It represents a basic change in concept and emphasis, reflecting the broader management needs of the Office of the President.

"... The budget function is only one of several important management tools that the President must now have. He must also have a substantially enhanced institutional staff capability in other areas of executive management. . . . Under this plan, strengthened capability in these areas will be provided partly through internal reorganization, and it will also require additional staff resources."

This emphasis on better in-house management capabilities had been strongly urged on the President by the Ash Council, which went so far as to recommend that the agency be named simply Office of Management; Richard P. Nathan, *The Plot that Failed: Nixon and the Administrative Presidency* (Wiley, 1975), pp. 59–60, and 77, n. 1. Roy Ash was later named director of the Office of Management and Budget.

Straws in the Wind

Because the advantages of each option are attractive, a new administration may elect to remain as flexible as possible, perhaps experimenting with several options in the course of its period in office. It would therefore be rash to conclude from moves made in the first months of a term that irrevocable commitments have been made, particularly if the initial steps do not preclude shifts and changes later on.

The Carter team has announced that it will proceed in an incremental fashion rather than waiting for the formulation of a comprehensive design before beginning to reorganize. The prompt initiation of legislation for the Department of Energy, the reorganization of the Department of Health, Education, and Welfare, and the announcement that additional "crash programs" are contemplated reflects this choice. Furthermore, the declaration by Harrison Wellford, the executive associate director for reorganization and management of the Office of Management and Budget, that the administration has a long-range perspective on reorganization confirms that it will be handled one step at a time.[24]

There are also signs that the operation will be conducted primarily by regular government staff. A request for $2.6 million for thirty-two added employees for Wellford's reorganization group was submitted to the Congress and advanced smoothly, and Wellford said the effort would depend largely on career personnel in both OMB and other agencies, with the possibility of assistance from volunteers in private business. He told the House Appropriations Committee that the group would be divided into six teams dealing with natural resources and energy, economic development, human development, national security and international affairs, general government, and government regulation.[25] Public pronouncements about reducing the number of federal agencies from 1,900 to 200, made repeatedly during the election campaign, are apparently to be taken as directional guideposts rather than as literal, ironclad guarantees.

Things may change as experience accumulates. For the time being, however, this is the course the administration has set.

24. OMB, "President's Reorganization Authority," pp. 9–14; see also, David S. Broder, *Washington Post*, March 12, 1977.
25. OMB, "President's Reorganization Authority."

Nonsurgical Treatments

Many of the irritations that reorganization of the executive branch is intended to alleviate, however, may not demand anything so drastic to relieve them. Much distress and resentment can be alleviated by relatively limited correctives. Minor remedies can sometimes bring more relief to more people than more radical therapy does.

The federal information centers recently established in three dozen places throughout the country, with toll-free lines to still more places, are an illustration. Set up to guide people needing help through the complexities of the federal administrative system to the officers and documents that can answer their questions or solve their problems, they are still too new to be evaluated definitively. But they could conceivably take care of one problem that accounts for a good deal of the anger and despair and feelings of helplessness and convinces some critics of government that the system has gotten out of hand.

In like fashion, experience with ombudsmen—that is, complaint- and grievance-handling officers with power to investigate citizens' charges against agencies and to initiate redress where warranted—has been building up in various governments throughout the country.[26] Some version of this institution might also salve specific sore points, and thus reduce much discontent, with minimum disruption of existing arrangements at the federal level.

Part of the outcry against government is linked to paperwork thrust on the public by tax-collection agencies and government information-gathering services. The Commission on Federal Paperwork has been working to ease these burdens, taking aim in particular at the individual forms that generate the bulk of the outcries.[27] Perhaps permanent

26. See Walter Gellhorn, *When Americans Complain* (Harvard University Press, 1966), and Gellhorn, *Ombudsmen and Others: Citizens' Protectors in Nine Countries* (Harvard University Press, 1966); Roy V. Peel, ed., "The Ombudsman or Citizen's Defender: A Modern Institution," *Annals of the American Academy of Political and Social Science*, vol. 377 (May 1968); Stanley V. Anderson, ed., *Ombudsmen for American Government?* (Prentice-Hall for The American Assembly, 1968); Alan J. Wyner, ed., *Executive Ombudsmen in the United States* (University of California, Berkeley, Institute of Government Studies, 1973).

27. The Commission on Federal Paperwork began operations in 1975. It will submit its final report in 1977, and has already submitted a number of interim reports and recommendations to the President.

machinery to seek out and lighten specific paperwork burdens can be devised, thereby removing a major source of current dissatisfaction.

Survey research among the clients of agencies could add a dimension to the assessment of administrative performance. Volunteered complaints do not always tell the whole story because the grievously offended or the easily outraged are usually the ones to take the initiative. Their accusations give an inescapably one-sided impression, which is often discounted on these very grounds by the officials to whom they are addressed. Splendid service may go undetected; so may injustices too small individually to justify expense by the victims to correct them, yet numerous enough to amount to significant deprivation in the aggregate. There are possibilities here for altering incentives within the public service in ways leading to higher client satisfaction.

Modest steps of this kind are not substitutes for reorganization, nor do they cut the size and cost of government. But at least some of the demands for reorganization of the executive branch are spawned by hope for relief from the oppressive weight of government requirements and constraints. Often, that weight can be lifted for thousands of citizens by a pinpointed rather than by a blanket remedy. All too often, limited, attainable remedies are neglected when more visible, glamorous, and exciting grand designs tempt reformers.

No Miracle Cures

Those, however, who cling to the belief that any combination of means will instantaneously transform the character, image, or performance of the executive branch, are doomed to disappointment.

The civilian work force of the government grew only modestly over two decades, while the budget as a whole was doubling in constant dollars (increasing fivefold in current dollars).[28] There is not much opportunity for cutbacks here, which is one reason why both the President and the secretary of Health, Education, and Welfare assured civil servants that reorganization would not mean loss of jobs for them. Perhaps the *rate* of growth of federal employment can be

28. From 1956 to 1976, civilian employment in the federal government, including postal workers, went from 2.4 million to 2.8 million, an increase of 17 percent. In the same interval, total federal outlays rose from $70.5 billion to $366.5 billion in current dollars, and from $133.0 billion to $264.4 billion in constant (fiscal year 1972) dollars.

held down (though this rate depends on whether new federal initiatives are undertaken in the years ahead, which is a distinct possibility); even if the rate is limited, however, the effects will be felt in the remote rather than in the near future. In any case, the monetary savings through control of civilian personnel growth cannot be more than a small fraction of federal outlays, since all the compensation and benefits of the civilian work force come to under 11 percent of the total, so that marginal reductions in this area would hardly change the overall budget at all.

Reorganizers have also grown wary of claiming massive savings in operations for their reforms. For the most part, they assert that their changes will produce more output per dollar spent rather than the expenditure of fewer dollars; thus, even if the changes end up increasing total outlays, they contend that the total will be lower than it would have been without the reforms.[29] Whether or not such claims are eventually justified, the *immediate* effect on budgets is almost sure to be indiscernible. In this context, the recent statement by Secretary of Health, Education, and Welfare Califano that the reorganization of his department would yield savings of $2 billion in the first two years and at least $2 billion annually by 1981[30] is surprising. He placed particular emphasis on the elimination of fraud and abuse in various benefit programs, but it is not clear whether the costs of intensified enforcement have been included in his estimates. Furthermore, it is not self-evident how regrouping units in the departments, as opposed to changing procedures or adding auditors and investigators, will contribute to prevention of fraud and abuse.

In short, nobody should expect sudden, swift, dramatic diminishment in the size and cost of the executive branch of the federal gov-

29. See, for example, Harry S. Truman's classic statement accompanying Reorganization Plan Number 5, 1950 (March 13, 1950): "The taking effect of the reorganizations included in this plan may not in itself result in substantial immediate savings. However, many benefits in improved operations are probable during the next years which will result in a reduction in expenditures as compared with those that would be otherwise necessary. An itemization of these reductions in advance of actual experience under this plan is not practicable." Similarly, Franklin D. Roosevelt remarked that the transfer of agencies would not save much money. "It is awfully erroneous," he said, "to assume that it is in the reorganization of Departments and Bureaus that you save money;" Richard Polenberg, *Reorganizing Roosevelt's Government: The Controversy over Executive Reorganization, 1936–1939* (Harvard University Press, 1966), p. 8.

30. U.S. Department of Health, Education, and Welfare, *HEW News*, March 8, 1977, p. 2.

ernment as a result of reorganization. Indeed, the upward trend will probably persist for a long time—possibly more gradually than might otherwise have been the case, but upwards all the same.

Even if anticipated structural revisions succeed, they will be slow in coming. The executive branch is very big, and the specific faults that need correcting keep changing. "Our confused and wasteful system that took so long to grow," President Carter told the American people in his first informal address to the nation, "will take a long time to change."[31] His staff member spearheading reorganization testified that it would be "a four-year effort at least."[32] The administration harbors no illusions about the length of the campaign on which it is embarked. The 1977–78 controversies over government organization are only the opening skirmishes in what promises to be a long, hard, and frequently futile endeavor.

31. "The President's Address to the Nation," in *Weekly Compilation of Presidential Documents*, vol. 13 (February 7, 1977), p. 141.
32. Broder, *Washington Post*, March 12, 1977.

Mr. BRADEMAS. When we are talking about the substance of policy, we are talking about who has access to programs and services. I happen to be rather sensitive about this because I have to make a speech at the Woodrow Wilson Center entitled, "The Impact of Federal Executive Reorganization on State and Local Governments."

And I plan to talk about what you have done with OHD as an example of how not to go about reorganizing. Mr. Gashel says that it seems that administrators tend to take the view organizational plan for service delivery rests in their private domain where legislators and the public dare not tread.

This is not, apparently, the case clear across the board in HEW. There are those in HEW who talk to us, are not afraid of us. I talked to Commissioner Boyer about the proposed reorganization of the Bureau of Student Financial Assistance. We had a good conversation on that. I think that some in HEW make such efforts. I, therefore, have to raise a question as to whether or not your process is peculiar to your own particular assistant secretaryship or if this is Secretary Califano's idea. It seems to be idiosyncratic behavior.

The second issue is the timing of the reorganization order. I do not understand why you have pressed ahead as you have while at the same time that OMB is considering reorganization that will possibly affect programs within your domain. It is as though there are two different governments down there. Now, there is a separation of powers between this end of the avenue and that end of the avenue, as I guess the hearing here today indicates. But do you talk to OMB when, as I understand, they are paying people good money to work on reorganization? I know the OMB people have been in touch with them.

Ms. MARTINEZ. We talk to them, too.

Mr. BRADEMAS. What is the relationship between your reorganization and what OMB is doing?

Ms. MARTINEZ. Their reorganization activity involves all the Federal agencies; ours is just within OHDS, HEW. We have discussed this with them, quite extensively. They are of the opinion that the agencies ought to go ahead with their internal reorganization as it provides a foundation on which they can make recommendations. Mrs. Gwaltney has attended the task force meetings and has met with me several times.

But I think it is more of an informational relationship. There has been consultation since if we don't know what it is they are doing and they don't know what it is we are doing, it may make their job more difficult. But there has been consultation with them during this last month and a half.

Mr. BRADEMAS. I am really puzzled by that response. It seems to me they are wasting an awful lot of money down at OMB with respect to any action which would affect HEW in so far as that organization may have an impact on the $5 billion worth of programs represented in OHD. What is the purpose of the exercise? Just to fool the public that there has been serious attention given to reorganizing HEW? If you have in your shop gone ahead and gotten everything in place, haven't talked to anybody about it, just gone ahead and made your judgments, what is the point of OMB looking into any of the operations of HEW? That is putting the cart before the horse.

Ms. MARTINEZ. All I can say is that OMB has been supportive of all the reorganizations in HEW. I don't see any problems; I believe we are building a foundation from which they can proceed.

Mr. BRADEMAS. I don't regard that as responsive at all. Did you understand my question?

Ms. MARTINEZ. Ask me again.

Mr. BRADEMAS. I understand that OMB has several task forces looking at reorganization and that one of the task forces has to do with human services programs.

Ms. MARTINEZ. That is right.

Mr. BRADEMAS. Why are they bothering to look at human services programs? At least with respect to the big chunk of human services you have over in OHD the reorganization is completed. What are they going to do? What's the purpose of their looking into it now?

Ms. MARTINEZ. They are doing cross-cutting studies on reorganization throughout the government. I am sure, as I said earlier, that we will be affected by their decisions.

Mr. BRADEMAS. Why are you sure of that?

Ms. MARTINEZ. Because there are something like over a hundred human service programs throughout the government, as I understand. They are trying to bring some rationality to them.

Mr. BRADEMAS. This seems to me to be a classic exercise in irrationality.

Suppose the OMB people take a look at what you have done in OHD and they don't like it?

Ms. MARTINEZ. They already have looked at it and didn't say that.

Mr. BRADEMAS. Think of all the waste of taxpayer dollars and think of the loss of confidence, which is considerable at least with respect to this committee. The people who are to be served don't know what you are up to and we, as the committee that is supposed

to have oversight of your programs, don't know. Think of the tremendous waste if, let's say, "they or OMB tell you that you have, Ms. Martinez, gotten it all wrong," and you're told, "Let's start all over again"?

Ms. MARTINEZ. But they have not said it is all wrong.

They are not just looking at us; they are taking a look at all the services.

Mr. BRADEMAS. In all candor, I don't regard those answers to be at all responsive to my point. I am looking forward to talking to the OMB people but I think that you have gone a long way toward undermining public confidence by the procedure in which you are engaged. We are not hostile.

I have more substantive questions but I will yield to Mr. Jeffords and Mr. Miller.

Mr. JEFFORDS. I have been advised by Mr. LaVor that he was not contacted. I would like to set the record straight on that. I am tempted not to ask any questions because I am somewhat confused. I am trying to get a feel of this from the point of view of administrative efficiency. I am concerned that when we have a reorganization, we end up creating a new layer of bureaucracy. I am looking at your reorganization charts, I can understand your having certain people reporting to you. But I would like to know how many people are in the layer referred to in Exhibit 7, Staff Offices, Administration for Handicapped Individuals and Technical Assistance. How many people are involved in that layer who are now over RSA, and—

Ms. MARTINEZ. Which page?

Mr. JEFFORDS. Exhibit 7 of the documents which explain your reorganization.

Ms. MARTINEZ. Essentially, the Administrator for Handicapped Individuals and Rehabilitation Service Administration wears a double hat.

Mr. JEFFORDS. How many positions are in that level?

Ms. MARTINEZ. In RSA?

Mr. JEFFORDS. No; I am looking at the layer which now fits in between the Assistant Secretary and the Deputy. There is now a layer of Administration for Handicapped Individuals, Staff Offices, and Technical Assistance. How many positions are involved in those staff offices?

Ms. MARTINEZ. They don't really exist right now. The technical assistance unit was thought of in terms of providing technical assistance with respect to 504, but the decisions haven't been made as to how technical assistance will be provided.

Mr. JEFFORDS. Isn't OCR going to provide that service?

Ms. MARTINEZ. The decision has not been made. The staff offices are basically staffed by the Administrator and not by the Assistant Secretary. Right now, there is an Executive Assistant to the RSA Commissioner, but there are no people in those staff offices.

The Administrator for Handicapped Individuals and the Commissioner for Rehabilitation Services report to me.

Mr. JEFFORDS. What about the head of the disability office?

Ms. MARTINEZ. He would report to me through the Administrator.

Mr. JEFFORDS. To you, through the Administrator?

Ms. MARTINEZ. Yes.

Mr. JEFFORDS. The same is true of all the other boxes?

Ms. MARTINEZ. No; the Architectural and Transportation Barriers Compliance Board director reports directly to me. There is a coordinative function but he reports to me.

Mr. BRADEMAS. Will the gentleman yield.

Mr. JEFFORDS. Yes.

Mr. BRADEMAS. With respect to the colloquy you have engaged in with Mr. Jeffords, the proposed reorganization includes two new layers of administrative expansion. I note in one respect that the staff offices have been reduced from six to four in number. Is that correct?

Ms. MARTINEZ. No. There were a lot of little offices. I think there were eleven different offices which were put into four staff offices. Those included—

Mr. BRADEMAS. But, in any event, there are now four who report to you.

Ms. MARTINEZ. That is correct.

Mr. BRADEMAS. Yet, despite the reduction in the number of staff offices that report to you, there has, at least as I understand it, been an increase in the number of personnel that are now, as it were, in the superstructure of the Office of Human Development.

I note one staff office, the Office of Planning, Research and Evaluation, has expanded from 15 to 55 persons. I cite that because if I understand—

Ms. MARTINEZ. That is not correct. The Planning, Research and Evaluation unit had, I think, 30 people, it has expanded to 55, as a result of transfers of personnel resulting from the SRS reorganization, rather than internally. There have been no shifts of personnel among program units and staff units within OHDS. This was a shift from the overhead of SRS when that was transferred.

Mr. BRADEMAS. That was exactly my point. I have the impression that what you are doing is pyramiding the power of your own office by drawing on personnel from various programs that are supposed to serve people.

Now, Congress wrote into the law a number of requirements that have to do with the appropriate staffing of these operations. To put my criticism right on the table, it seems to me, and I hope, Ms. Martinez, that you will give us detailed information on how many people are moved from programs and services over to OHD because it seems to me that you may very well be embarking on the process of pyramiding the power of your own office by drawing away personnel from other offices—and all in the name of greater management efficiency—which may well have the effect, in terms of delivery of services, of reducing these services.

I think that this is what Mr. Jeffords was getting at.

Ms. MARTINEZ. There have been no shifts from program units at all.

Mr. BRADEMAS. Will you get these figures?

Ms. MARTINEZ. Yes.

Mr. BRADEMAS. Again, not having been talked to as to these matters, we don't know what you are doing.

Thank you.

Mr. Jeffords.

Mr. JEFFORDS. Who does Mr. Babington report to?

Ms. MARTINEZ. To me.

Mr. JEFFORDS. Who did he report to before?

Ms. MARTINEZ. To me.

Mr. JEFFORDS. So that is no change?

Ms. MARTINEZ. No change except for the coordination mechanism.

Mr. JEFFORDS. So before and after is the same reporting relationship?

Ms. MARTINEZ. Yes.

Mr. JEFFORDS. Does he attend your staff meetings?

Ms. MARTINEZ. Some of the staff meetings.

Mr. JEFFORDS. Is that the same or different from his relationship before the reorganization?

Ms. MARTINEZ. The only meeting he does not attend now is the executive staff meeting.

Mr. JEFFORDS. But before the reorganization he did attend the executive staff meetings?

Ms. MARTINEZ. Yes.

Mr. JEFFORDS. What is the relationship now in RSA, as compared to before the reorganization?

Ms. MARTINEZ. It is the same.

Mr. JEFFORDS. Of course, he is also the Administrator, so that is why it is the same?

Ms. MARTINEZ. That is correct.

Mr. JEFFORDS. Do you believe with a billion dollar budget the Administrator is capable of handling the job? You have put him in the position of managing all these others plus administering a billion dollar program.

Ms. MARTINEZ. I think he is very capable. However, I must say we don't know what will eventually result after the period of study. In my testimony, I mentioned that as one of the issues we will need to resolve.

Mr. BRADEMAS. Will you yield again?

Mr. JEFFORDS. Certainly.

Mr. BRADEMAS. I wonder, since this has been the focus of a great deal of criticism, the double hat, I wonder if you would give us the rationale? The study which I believe you mentioned gives the rationale for that kind of confusion.

If you were to take a look at the 1973 hearings of this subcommittee on this question, you can appreciate how deeply concerned the members of this subcommittee were about the then Nixon Administration's proposal with respect to operating the Vocational Rehabilitation Administration and why the committee felt it necessary to write into law the kind of table of organization that we did.

I have the impression, as I read about your reorganization and hear you testify, that there is no historical memory down in your shop. Congress didn't do these things, willy-nilly, Ms. Martinez. There were careful hearings. We talked about the subject. There was a spirited debate. Mr. Weinberger didn't agree with what happened. The 1973 Vocational Rehabilitation bill was Mr. Ford's first veto, and he was overridden by the largest margin in the history of the Congress of the United States.

Ms. MARTINEZ. There have been a lot of requests to focus programs for handicapped individuals in one organization. That is also a recommendation coming out of the White House Conference on Handicapped Individuals. It has been a recommendation made to me on several occasions by people on the Hill. They felt it was now time to consider that possibility.

Again, we don't know what the final organizational chart will look like. I recognize the concern and I appreciate it. I don't know what will happen as a result of our present efforts, whether we will have a double-hatted or single-hatted person.

I know there has been strong concern expressed to bring the handicapped programs together. How to bring them together is the issue. Not that they should be together; but how.

Mr. BRADEMAS. If the gentleman will yield to me further.

What concerns me is that you have already made a decision as to what is to be done. Then you want to go back and say that handicapped groups have expressed concern, that members of Congress express concern. There are established procedures through which groups can make their concerns known. But I have the impression that you want to do an end run around the procedures. This is what got the last Administration into hot water. I am rather dubious as to your alluding to groups as "they."

On page 2, you state, "Our assumption is that a more comprehensive approach at the Federal level will ultimately translate into improved services at the delivery level."

I am very leery of decisions made on the basis of unstated assumptions.

Second, you state: "will ultimately translate"—well, when is ultimately? As the man says, in the long run, we are all dead. We are all elected for two years around here.

I turn your attention to the State of Florida, where you know that this matter has taken on heated overtones because of the requirement in the 1973 Rehabilitation Act that each state administer rehabilitation through a single state agency.

That state ignored the law and is now facing the loss of nearly $30 million.

I think, Ms. Martinez, that it is not insignificant that your assumption is that a more comprehensive approach will ultimately evolve. The Florida State Auditor issued a report which indicated the organizational arrangements chosen by Florida have produced waste and loss of managerial and fiscal control combined with lower service to clients. I am very suspicious of unstated assumptions. If your assumptions are straightforward, then bring them out and let everybody see them. Put them out in the open so that citizens and legislators can talk to you about them, can examine them. Don't just dictate them to us. One of the reasons, in my opinion, that Jimmy Carter is President of the United States is that a lot of people were upset by this kind of thing that went on in the last Administration.

I interrupted the gentleman.

Mr. JEFFORDS. The Architectural and Transportation Barriers Compliance Board, I would like to know the difference in the status of that board now, as compared to the way it was before the reorganization.

Ms. MARTINEZ. I serve as the chairperson for that board as mandated by the law and delegated by the Secretary to me. That board is functioning, I think, much better now than previously, including its compliance activity. There have been compliance orders issued through a number of agencies. There is no change in function of that board at all.

Mr. JEFFORDS. How is their independence assured under this reorganization?

Ms. MARTINEZ. It is absolutely independent because of the law. It doesn't report to me excepting as the chairperson.

Mr. JEFFORDS. What I am concerned about, I guess, are the dotted lines which run over and up through the Administration for Handicapped Individuals. What is the significance of those lines?

Ms. MARTINEZ. Simply coordination.

Mr. JEFFORDS. What do you mean when you say coordination?

Ms. MARTINEZ. For example, we are trying to develop for OHDS a 504 technical assistance plan so that we can insure there is compliance by our recipients and clients. We have been working very closely with all these offices in the development of that plan; and the commissioner has the responsibility for coordinating that effort.

Mr. JEFFORDS. We have gone on at length on one aspect of the Carter Administration that is its openness. Now, regarding another phase, that of cutting down on bureaucracy, does this result in a decreasing number of employees or is there an increase in the number of employees within those organizational groups?

Ms. MARTINEZ. There certainly has been a decrease generally throughout the Federal Government in employees. In terms of OHDS, we were caught, as you know, in the freeze, as everybody was, and lost a considerable number of positions. But with respect to the Architectural and Transportation Barriers Compliance Board, they are in the process of adding eleven people to the staff.

RSA is in the process of recruiting eight people for the Randolph Shepherd positions.

But, overall, OHDS has been hurt by the freeze.

Mr. JEFFORDS. Give me an idea of the decrease in the number of positions below last year's numbers.

Ms. MARTINEZ. Overall, it is 82 positions.

Mr. JEFFORDS. Up or down?

Ms. MARTINEZ. Down.

Mr. JEFFORDS. A decrease of 82 positions?

Ms. MARTINEZ. Yes. That is a result of the OMB freeze.

Mr. JEFFORDS. Are these people you have been unable to hire or positions that have been eliminated?

Ms. MARTINEZ. Positions eliminated. The freeze was announced on February 28th. We have won several of our appeals over loss of vacancies.

Mr. JEFFORDS. Which of those, in this grouping, are out of the 82? Where are those losses coming from?

Mr. MARTINEZ. Mostly from aging and children and families, but with some from RSA.

Mr. JEFFORDS. Do you have numbers for each of those?

Ms. MARTINEZ. Not off the top of my head.

Mr. BRADEMAS. Mr. Miller.

Mr. MILLER. We were told last week it will go to OCR.

Ms. MARTINEZ. I don't really know. I do believe, however, that each program operating component ought to make every effort to gain compliance by their recipients of funding, regardless of where the compliance function lies, to try to have a major affirmative action effort within OHDS. But I don't know what the department's final decision will be. The Secretary believes, and I agree with him, that Civil Rights Affirmative Action should be the responsibility in each agency. There has to be a coordinated mechanism; where that will lie, I don't know.

Mr. MILLER. My concern is that I think a case was well made last week by a representative of Mr. Jeffords' State that in those cases where you can argue about compliance and how compliance will be met by some of the recipients, that they would feel better if OCR was involved in the questions of technical assistance so that when in fact they did comply and they chose perhaps another method, that that could be checked out with those. So when compliance was completed, as far as the recipient was concerned, they would be reasonably assured that that would meet the demands of the enforcement agency of OCR under the 504 regulations, because as the gentleman from Vermont testified, their concern is that one is the expense of that compliance to begin with. But if the fact they go ahead and try to comply that, it be done right the first time because they can't afford the expense to go back and correct it.

I think also that handicapped organizations and individuals seem to find some merit in that suggestion, that in those cases where there are going to be protracted discussions or perhaps even lawsuits about compliance, that the alternative methods and all methods of compliance be made available for the suggestion of OCR to recipients, and that people don't have to do a number of stops to find out how they might comply, that there would really be one-stop shopping, if you will, with the enforcement agency also proposing methods or at least have available to it for discussion with recipients how that compliance can be carried out to meet the requirements of the law.

And I think given the statements of yourself and of Secretary Califano and others about the importance of enforcement now that those regulations were signed, that is basically the ball game, that you would give strong consideration to the placement of technical assistance with OCR.

I think organizationally it would make an awful lot of sense.

Ms. MARTINEZ. Again those are a lot of the issues which are being discussed. I can't tell you what the final decision will be.

Mr. BRADEMAS. Ms. Martinez, let me turn to another general area on which, as have my colleagues, I have touched from time to time with some of my own questions.

I have made criticisms about the failure of consultation and about the timing of the reorganization order. I turn now to another general area of issues, which is in some respects the heart of the matter. That is the rationale for the reorganization.

As I understand it, looking at your statement in Exhibit 2 of the organization document, there is an assertion in capital letters that "The present organization is unmanageable." That is such a broad

generalization that I find it hard to know just what you mean, especially when we are talking about $5 billion worth of a variety of programs.

Can you tell us how you come to the judgment in 5 months of study that these programs are unmanageable? And let me just here observe, because I think that this ought to be put on the record—and I here cited vocational rehabilitation because that is obviously one of the principal concerns of you and of us—I think that you have not talked with the State vocational rehabilitation agency people or with client groups any more than you have talked with us. So I am wondering how you can make so sweeping an assertion that the present organization is unmanageable when that language, as I understand it, runs to the entire reorganization; is that not correct? I don't want to misrepresent your position.

Ms. MARTINEZ. You mean through the whole Federal reorganization when you say through the entire reorganization?

Mr. BRADEMAS. I am assuming that that language runs to several areas within your own particular responsibility and to which areas you have directed your reorganization order; is that correct?

Ms. MARTINEZ. That is true.

Mr. BRADEMAS. In other words, I am getting at the substantive question, the substantive, if you will, scientific, objective rationale for making the assertion that the present organization is unmanageable. It is curious that you should have come to this judgment while in respect at least of a number of the kinds of programs for which you have responsibility, other people have been so silent in voicing the same charge to members of the legislative subcommittee.

Ms. MARTINEZ. My feeling about the organization is that when there are, as there were, something like 35 or 36 reporting lines to the assistant secretary, that there can be very little supervision, very little oversight over the programs, and very little accountability for those programs. Part of the function of management is to delegate responsibility, and to delegate it to individuals and units which are held accountable.

In terms of program, my belief is that we needed to focus more attention on activities which were for specific target groups, for the handicapped or children, youth and families. The commissioners would have a greater capacity to oversee those programs than I do, and they would be directly responsible to me for overseeing those programs and for assuring their successful operation.

My experience at hearings and in testifying on the Hill convinces me that there is a need for a lot of information. Considerable improvement in communication needs to be made. This understanding comes from the questions which I have been asked over time, not only on the Hill, but also by the Secretary.

There has not been adequate program information and we think that by having people who are accountable directly to me, with broader responsibilities, that we will be able to begin to know exactly how programs are functioning and how they ought to be improved.

I think there are questions about how some of the programs are operating. I have certainly had a lot of questions asked of me as the

administrative agent, such as how Head Start and child neglect and abuse programs operate, and also about DDO, on the management of that program and of its actual programmatic thrust.

In terms of program focus, I really believe that we need to try to develop a very broad thrust for the handicapped population. I think it has to be broader than vocational rehabilitation.

I am very taken by the independent living programs that I have seen and by the advocacy approach that is in the DDO Act. Also, I am very taken by the experiments in continuity of care. I just think that we should try to broaden our focus, and one way to do this is to have the commissioner, who is in charge of programs for the handicapped, with an overall approach to programs. My concern is improving service delivery, and improving the quality of service.

I have a history of serving people and trying to serve them better. I have 18 years of experience doing that, and I think what I have been doing in the development of the Section 504 policies, my role as the chairperson of ATBCB, my testimony on extension of RSA before the Senate, all indicate my deep concern for those handicapped individuals who have not been served well. I am deeply concerned about those individuals.

The basic purpose of all this action is to improve services. I don't think we differ in objective. In fact I know there isn't a difference in objective. And the basic purposes of the reorganization are to improve service delivery and to broaden the focus of programs to include more people.

There are an awful lot of people who are now excluded, who do not get served, and we are trying to bring needed services to them.

Mr. BRADEMAS. I appreciate that comment, Ms. Martinez, and I am sure we are in agreement that we are all in favor of improving services for people. That was indeed the representation, you will recall, that was made in the Florida case that what they wanted to do was to improve services, but it didn't seem to work out quite that way.

I find your response to my question on what is the objective rationale for the assertion that the present organization is unmanageable a very general one. That is not tough enough for me. That is not hard enough evidence for me. That is too rhetorical. That is too much like cotton candy. It doesn't say anything very much.

Let's cut red tape. Let's make it more manageable. Fine, we agree on that.

But now let's go to the next step.

For instance, Ms. Martinez, do you understand the reason that Congress in 1973 transferred RSA out of SRS?

Ms. MARTINEZ. Yes, I do, sir.

Mr. BRADEMAS. How do you understand that? What do you understand the rationale for that action to have been?

Ms. MARTINEZ. Part of it was that the handicapped programs were not getting the attention that they deserved within the SRS structure, and there was a desire to insure that there would be more attention paid to the programs for handicapped individuals.

Mr. BRADEMAS. That is not the accurate answer, Ms. Martinez, or if it is, it is only a very small part of it. I would urge that you go

back and look at the statute and look at the conference report. Again I want to try as helpful as I can and I realize that I have been very rough on you this morning. I hope that we can be allies in these matters but I want to try to disabuse you of the attitude that you may have when you leave here that we in Congress just do things willy-nilly without any sort of effort to understand what it is that we do or without some rational judgments.

If you go back and look at the legislative history of the 1973 Act, because it is directly related to your reorganization, you will see that the reason that the committee—and it is all spelled out in the language in the Senate report on the amendments—did what we did, was that the committee regarded the vocational rehabilitation program as a human development program and not as a welfare program. That is a very important point you have to understand, Ms. Martinez.

And the reason I go through this almost as if I were teaching a civics lesson is that it demonstrates in a very vivid way the point I have been trying to make, namely that reorganization plans are not simply management efficiency motivated. They have profound, or may have profound, political impact on the actual delivery of services.

We did not in the 1973 Rehabilitation Act want a program that was not a welfare program to be subsumed within an administrative entity—and here I quote the language of the Senate record—"whose major responsibility so far as program is concerned relates to welfare."

You can say "I don't agree with you, you shouldn't have made that judgment," but at least there was a reason that we did it. We had a substantive reason for that.

What I miss almost completely in your reorganization is any substantive justification in terms of program, policy or delivery of services for your reorganization. All you say is that the program is unmanageable. I think you will have to do better than that.

Let me turn to another field in which I would like to raise some questions. Let me just linger on that field and then ask questions about one other and then stop.

You will recall that the Commissioner of Rehabilitation and the Commissioner on Aging are appointed by the President of the United States. They are not appointed by you. They are not appointed by the Secretary. They are appointed by the President. They are supposed to report directly to the assistant secretary or to higher authority.

Why did we do that?

We did that consciously, self-consciously. We discussed those matters and we made a judgment. It was a bipartisan judgment that we should have done that. As I understand it, what you are proposing to do is that under the reorganization, RSA papers will be prossessed by the new Administration for Handicapped Individuals rather than going directly to the office of the assistant secretary, and then once in your office, the documents will be processed by your various staff officers to you as assistant secretary.

Now putting aside the question of whether that is legal or not, just assuming for the moment that it is legal, it is not clear to me,

as one who had to manage that legislation, that that kind of expansion of bureaucratic layering is really in accord with the clear intent of Congress. All you have to do is read the legislative history to the effect that the Commissioner of Rehabilitation Services is to have a direct relationship to the assistant secretary. So that I think what you are doing here is an end run around the clear intent of Congress with the consequence of adding more bureaucracy.

I would like to know, because I understand that you have expanded your own staff offices—this is a point on which I touched earlier—what kind of analysis has been done to determine whether you need more staff persons, how many more persons you need? I would like to know the impact of the staff office expansion on the workload of the program units. Also in respect of my earlier question, in which I asked you to let the subcommittee know in terms of personnel who is going to be moved from where to where, I would like to have that information in terms of functions, in terms of grade levels, so that we don't just have a lot of numbers on a piece of paper.

Let's ask for that information now compared with some agreed upon point in time, say a couple of years ago, to give you a fair chance to make the comparison.

I won't ask you to comment now, but you could come back at us with those.

Let me turn to another area upon which we have not touched, and then I will yield to my colleagues.

That has to do with children. I know that Dr. Edward Zigler, who was the first director of the Office of Child Development and formerly head of the Children's Bureau, a man whose views I think you agree are to be taken seriously, has suggested that that office, OCD, should coordinate all child and family services including some over 120, I understand, children's programs that are now scattered among dozens of agencies. Dr. Zigler recommended that in addition, OCD be responsible for Head Start, Title XX day care and maternal and child health programs.

I cite this without passing judgment on his recommendation but as an instance of a kind of alternative that comes from a respected authority in this field that runs to substance, organization and substance. That is what is of concern to me.

I wonder, do you take into account that kind of recommendation?

Ms. MARTINEZ. Yes, we took such ideas very much into account in setting up our Administration for Children, Youth, and Families. Since this was an internal HDS reorganization, we did not deal with those programs in other units of HEW or other units of government. With respect to Title XX day care, as you know, the States decide how they are going to allocate that money, and what percentage should go to day care. The only way that we could impinge upon that is to amend the legislation or have a separate piece of day care legislation.

We are beginning to look at all the day care monies throughout the Federal Government to see if there is any way that they can be brought together into one program.

In terms of the broader issue of reorganization, if it is the recommendation of OMB that other programs should be a part of

the Administration for Children, Youth and Families, a basic framework has been developed for that. I think by transferring Title IV-B, child welfare services to the Administration of Children, Youth, and Families, as well as the Office of Youth Development, that we are strengthening the capability of that office considerably to develop a programmatic focus for families as well as children and youth.

[Information requested follows:]

INFORMATION PROVIDED IN RESPONSE TO TESTIMONY REQUESTS

Q. What was the number of people moved from SRS to OHD?

A. A total of 421 persons were transferred from SRS to OHD. Of these, 175 were direct program positions and 246 were part of the SRS overhead structure. The Central Office had 201 of these positions and 220 were in the Regions. At headquarters, of the 201 total, 137 went to program units and 64 to staff offices. In the regions, 198 went to program units and 22 to staff.

Q. How many positions were lost in the freeze and where did they come from?

A. In the February 28 freeze, we lost 80 vacancies at Headquarters; we lost an additional 17 in the May 31st freeze. However, we were able to convince the Secretary to restore 47 of these positions. Hence the net loss was 50 positions. The distribution of the loss was as follows:

P&E	4
ORD	0
AoA	19
OHI	3
DDO	4
PCMR	2
RSA	20
OCD	20
OM	1
OYD	6
IDCIA	1

There was also gains of 7 positions in the immediate office of the Assistant Secretary, 9 positions in ATBCB, 3 in OAM and 1 in ONAP. When the net gain is subtracted from the loss the total equals a loss of 50 positions.

Q. List the personnel moved in the reorganization by function and grade level.

A. Total program units were transferred in their entirety except for certain staff offices listed below. No changes were made in grade level or in position descriptions—they are the same as when I took office. The movement is as follows.

Unit from which transferred	No.	New Unit
RSA	183	
DDO	29	
OHI	14	AHI 262
PCMR	16	
ATBCB	20	
	262	
OCD	153	ACYF 182
OYD	29	
	182	
PSA	121	APS 137
WIN	16	
	137	
AOA	106	AA 106
ONAP	29	ANA
IDCIA	4	
	33	
ORD	6	
OV	2	
Vets	3	
Consumers	2	OSCA 37
PIO	4	

OR	3	
OM	2	
SRS staff	8	
	37	
P & E (part)	18	
Legislation	3	OPRE 55
SRS staff	34	
	55	
OAM	122	
SRS staff	11	OAM 133
	133	
P & E (part)	7	
Exec. Sec.	5	OPMC 24
SRS staff	10	
I O	2	
	24	

Mr. BRADEMAS. I have a couple more questions, but I have taken too much time.

Mr. Kildee.

Mr. KILDEE. I have no questions.

Mr. BRADEMAS. Mr. Jeffords.

Mr. JEFFORDS. I have a parting message. I think we have given you one message, and I would hope that you would make sure that it gets through to the Secretary you have to kick him in the shins to make sure he understands it. I hope you do, because I think that is where our problem lies.

Ms. MARTINEZ. I will do just that.

Mr. JEFFORDS. At the same time Mr. Miller touched on 504 to a certain extent. I would also like to get a message through on that, that we are being placed in a very difficult position in Congress. We are having local goverments, colleges, coming to us and saying "My God, who is going to pay for 504?" Yet I have not seen any real coordinated effort on behalf of the administration to try to find out what the real costs are, what the policy of the administration is going to be, who is to handle those costs, whether all of it is to be absorbed entirely by the private colleges, by the schools, and should be totally without Federal assistance.

It is critical because we are dealing with a supplemental budget that is coming up, and if we are going to make any changes at all in trying to assist these people to deal with 504, we must do it in this month. Until now I have not had any response of great dimensions to the questions I have asked the Secretary.

I am deeply concerned about what is going on, who is going to be coordinating this, how the people can know whether what they are doing is right, as Mr. Miller pointed out, what the costs are going to be and who is going to bear those costs.

I can understand it when we recognize that we may be talking in terms of billions of dollars. The administration is concerned with the balance of budget philosophy, that they can't pay for it, so they are just going to close their eyes to it.

I would like to know and work with you to see if we can prevent what I am afraid of. That is a backlash of people against the handicapped, if they have to provide services at a level which they can't afford, and diminish other priorities in order to carry out those Federal mandates.

We want to finance this. We want to cooperate. We want to work with you. We can't do it if we can't even talk.

Thank you.

Mr. BRADEMAS. I might make a couple of observations also before we conclude, Ms. Martinez.

It is just my own judgment, and this goes back to my earlier colloquy with you on the relationship between substance and organization, that the goals that you seek to attain through reorganization need to be much more clearly and specifically and concretely stated.

Here again I refer you to Mr. Kaufmann's very illuminating paper because it ought to be obvious on reflection that when one says, "I want to reorganize, we want to reorganize the executive branch," there can be contradictory goals. You want to increase your span of control to use his language, as I understand what you are saying, and that can be a very laudable objective, but there is a price you may pay, a trade off that you may pay. That is that you may lose your capacity to be sensitive to and responsive to the constituent clients whom you are to serve. You have to be sensitive to that kind of problem, Ms. Martinez.

As I read your statement of goals for your reorganization, you say that you hope that the reorganization will result in "more comprehensive focus for people with disabilities," "the capability for innovation and effectiveness," and making it possible "to simplify planning, reporting and funding requirements."

That is like mom, apple pie, and the flag, and it is a good start. I am in favor of mom, apple pie and the flag, but I want to know what happens next, because otherwise, to repeat, this is cotton candy, to put the most innocuous interpretation on it, or, to put the most damaging interpretation on it, it is a smoke screen behind which you seek to prevent the elected members of Congress and the groups to be served from knowing really what it is you are doing, and then there is going to be suspicion. They are going to say "Well, she is trying to build up a big bureaucracy down there in the name of serving people.'

You don't want that. I don't want that. But you see that is the situation in which you have gotten yourself by the process, the procedure which you have so far engaged in this year.

Let me issue one other admonition that I hope will be of concern to you. In my judgment the kinds of programs in OHD that affect children, handicapped people and the elderly, for example, and families generally, touch the lives of so many Americans that there is going to be very great attention focused on what it is that you seek to do. And if you lose the confidence of us here on this committee and elsewhere in Congress, and in the country, that is going to send a damaging shock wave across the whole gamut of Federal reorganization efforts clear across the executive branch of the Government of the United States.

I supported the President's reorganization authority. I am in favor of doing a better job. But simply saying that we all want to do a better job doesn't get to the nitty-gritty of the problem.

This has been a very painful hearing for me to engage in, but, Ms. Martinez, I am not going to sit still because I am a Democrat and

fail to ask rough questions of an Administration that I strongly support, because that is not what the Founding Fathers had in mind. We are supposed to be tough on you even as you can be tough on us. But I hope that I have made clear that at least it is my own judgment that unless you use the next several months very, very carefully and effectively, and radically differently from the last 7 months, you will have lost the confidence of members of Congress, at least those who deal with the legislation that affects your particular responsibility. I think that you want to think seriously about that.

We want to help you. We don't want to be at war with you. But at this point the ball is in your court, in my judgment, Ms. Martinez, and as I say, I want to reiterate, though my questions have been sharp, they in no way go to your capacity, your ability, your experience, your integrity or your motivation, but from what I have heard, I must be a very skeptical man and so far speaking just for myself as one member of this committee you have not proved your case to me at all.

Mr. Jeffords, do you have anything else?

Mr. JEFFORDS. No, your remarks are very appropriate.

Mr. BRADEMAS. Thank you very much, Ms. Martinez.

We have another one or two witnesses this morning.

Mr. Weintraub, Mr. Coler, and Mr. Robrahn, perhaps you would all like to come up and take seats.

Mr. Weintraub, we are glad to see you here. Because we are running out of time, maybe you can summarize your major recommendations, and then we can put a question or two to you.

We will put your entire statement in the record.

[The full statement of Frederick Weintraub follows:]

STATEMENT OF

THE COUNCIL FOR EXCEPTIONAL CHILDREN

to the

SELECT EDUCATION SUBCOMMITTEE

of

THE HOUSE EDUCATION AND LABOR COMMITTEE

With respect to

OFFICE OF HUMAN DEVELOPMENT REORGANIZATION

September 12, 1977

Presented by:
Frederick J. Weintraub, Assistant Executive Director for Governmental Relations, The Council for Exceptional Children.

Accompanied by:
B. Joseph Ballard, Assistant Director for Policy Implementation, Governmental Relations Unit, The Council for Exceptional Children.

Mr. Chairman, Members of the Select Education Subcommittee:

I am Frederick J. Weintraub, Assistant Executive Director for Governmental Relations of The Council for Exceptional Children.

Thank you for the opportunity to appear today to offer the comments of the Council for Exceptional Children with respect to the recent Executive Branch-initiated reorganization of the Department of Health, Education and Welfare's Office of Human Development.

Mr. Chairman, on July 26 when this reorganization was officially announced, Arabella Martinez, the Assistant Secretary for Human Development Services, made the following comments:

> Human development services are intended to complement income assistance and health insurance programs by supporting independence and self-sufficiency of individuals and by strengthening families and communities.
>
> The value of these services to those served, and to the nation as a whole, is reflected by the continued demand for expansion of existing programs and for new services.
>
> However, as these services have proliferated under different auspices and been financed from various sources, the difficulties of coordinating the delivery of these services, of identifying gaps and overlaps, and ensuring access to services by individuals in need have become major problems. In fact, the disorganized way in which services are provided is itself a serious social problem. A major cause of this problem has been the disarray at the federal level.

We concur with Assistant Secretary Martinez's contention. In point of fact, we know that you will agree, Mr. Chairman, that--regardless of disagreements among all of us with respect to the exact nature of these incremental reorganizations--it remains indeed a refreshing change from recent history to see the leadership of the Department of Health, Education and Welfare agressively pursuing agency revamping based upon two motivations:

- They believe in these programs which were designed by the Congress.
- They genuinely wish to make these programs work better.

Therefore, regardless of anyone's difficulties with the specifics of all three Health, Education and Welfare reorganizations which have occurred to date - the Office of Human Development revamping which is the subject of this hearing, the reorganization of some portions of the Office of Education as announced on April 11, and the reorganization of Health, Education and Welfare's regional offices as announced on July 19 - the spirit in which they have been undertaken should, in our view, be applauded by all who care about making the Goliath we call the Department of Health, Education and Welfare work more effectively for people.

Our understanding is that the overall Office of Human Development reorganization as inaugurated by Mr. Califano and Ms. Martinez will consolidate some eighteen program offices and six staff-offices into five program adminstrations and four major staff offices. We further understand that, with respect to programs for handicapped Americans, the reorganization has these basic characteristics: it will consolidate existing Office of Human Development programs affecting handicapped persons into a new Administration for Handicapped Individuals comprised of Rehabilitation Services Administration (RSA), Developmental Disabilities Office, President's Committee on Mental Retardation, White House Conference on Handicapped Individuals, the Architectural and Transportation Barriers Compliance Board (ATBCB) and the Office for Handicapped Individuals (OHI). The new Administration will be headed by an Administrator for Handicapped Individuals, who will also serve as RSA Commissioner. The ATBCB and OHI will "continue to report directly to the Assistant Secretary for Human Development" but will also be "coordinated" by the new Administrator. Presumably, this arrangement is designed to deflect criticism regarding the statutory mandates of these programs.

While we would not argue with the Health Education and Welfare leadership contention that this consolidation may indeed provide a "more comprehensive focus for handicapped individuals," we at the Council have--as do numerous other organizations--some serious problems with this rearrangement of the furniture at Health, Education and Welfare. Permit us to very briefly present our objections.

First of all, it would seem more than obvious that the various programs subject to reorganization are in fact being downgraded jurisdictionally since not one, but two layers of authority between the programs and the Assistant Secretary for Human Development would now be imposed. It seems to us that one of the reasons, though not the only reason, for Congressional transfer of both the Rehabilitation Services Administration and the Developmental Disabilities Office to the Office of Human Development was to do away with burdensome, and often irrelevant, layers of bureaucratic intervention. These two new levels of authority will be, of course, the new Administrator of the Administration for Handicapped Individuals and the Deputy Assistant Secretary for Human Development.

Second, both the Commissioner for the Rehabilitation Services Administration and the proposed new Administrator for the Administration for Handicapped Individuals must be full time jobs if the potential of these two administrative authorities is to have any chance at all of being realized. With a single individual wearing both hats, one or the other, or both, of these Administrations will surely suffer.

Third, since the new Administrator of the Administration for Handicapped Individuals will also be the Commissioner of the Rehabilitation Services Administration, we believe, that when the dust finally settles on this reorganization, the administration will have operationally placed the Developmental Disabilities program, the President's Committee on Mental Retardation, the

27-210 O - 77 - 11

White House Conference on Handicapped Individuals, the Architectural and Transportation Barriers Compliance Board and the Office of Handicapped Individuals under Vocational Rehabilitation. Many of the above noted agencies have a purpose larger than that encompassed by Vocational Rehabilitation and also a responsibility to criticize and affect the behavior of vocational rehabilitation. The Administration's reorganization we fear will institutionalize "the tail wagging the dog." We would urge, therefore, that if the Congress allows the reorganization to remain in force that the position of Administrator for Handicapped Individuals be established legislatively and that it be a separate position from the Commissioner of Rehabilitation Services Administration.

Mr. Chairman, we again thank you for the opportunity to appear before the Subcommittee on the matter of the Office of Human Development reorganization.

STATEMENT OF FREDERICK WEINTRAUB, DIRECTOR, GOVERNMENTAL RELATIONS, COUNCIL FOR EXCEPTIONAL CHILDREN, RESTON, VIRGINIA; ACCOMPANIED BY: B. JOSEPH BALLARD, ASSISTANT DIRECTOR FOR POLICY IMPLEMENTATION, GOVERNMENTAL RELATIONS UNIT, THE COUNCIL FOR EXCEPTIONAL CHILDREN

Mr. WEINTRAUB. Thank you, Mr. Brademas.

After listening to your questions, your comments, and those of Mr. Jeffords and Mr. Miller, I am not sure that we really have much to add beyond that which you have already indicated.

I would like to emphasize briefly four points that this reorganization or proposed reorganization concerns us.

One is the feeling that although on the surface it looks like a greater focus on issues concerning the handicapped, we are very fearful that in fact what is happening is a downgrading rather than an upgrading. And the concerns that you expressed about the layers of bureaucracy, whether they be layers that appear clearly on an organization chart or whether they simply be functionaries through which communication has to flow, the further we push programs, the actual function, line programs down, the greater will be inability to serve the people that they are intended to serve.

Second, we also share your concern about if in fact the position of the administrator for the Administration for Handicapped Individuals and the commissioner for Rehabilitation Service Administration, if those positions are not in fact full-time jobs, and to have one individual wear both hats we feel is going to downgrade the interests of both positions.

Third, in line with the comment I just made, we are terribly concerned about the administrator of the Administration for Handicapped Individuals also being the commissioner for RSA. We have worked with the indivdual who is being named to be commissioner of RSA, or who has been nominated. We have high regard for him, and it has nothing to do with the particular individual.

Our concern is that RSA is one part of the delivery system. To make the individual who is commissioner of RSA also administrator of all of the other programs in fact puts all of the other programs under RSA.

We think, you take programs like the President's Committee on Mental Retardation whose function is to monitor, to oversight, to criticize RSA when it is not functioning properly, and to put that program under an individual who is also commissioner of one of the programs to be criticized makes no sense whatsoever. If we are to have an Administration for Handicapped Individuals, then at a minimal that individual should be separate and independent from being an administrator of any of the other functioning programs.

Thus, we feel that the administration's reorganization does nothing more than institutionalize the tail wagging the dog. We would suggest that more serious consideration be given to this matter before it is fully effectuated.

I would like to make one last brief comment, and that is that we were among the groups that were contacted, and I will use the distinction of the word "contacted" and "consulted" as you have used it.

We were invited to a meeting. I might mention that we were invited at our request for a meeting because we had heard that there was a reorganization happening. At that meeting, we were informed of what the reorganization would be.

At the same time and over months preceding, we had been asked along with other organizations concerned about the handicapped, by the White House, by OMB, for comments on reorganization. We had spent months of work meeting among varying groups, meetings with officials at the White House and OMB, talking about reorganization. None of our recommendations, none of our suggestions, none of our concerns were reflected in this reorganization plan. It is very obvious that no communication took place between the White House, OMB, and HEW.

At the same time when we raised these issues with Ms. Martinez, when we discussed them, said "Here are our concerns; we would like to put input to you," the response we got was "Somebody has got to bite the bullet and somebody has got to be the individual that nobody will like. We need reorganization and I intend to reorganize."

I only emphasize that, and had no intention of bringing that up, but I wish to bring this to your attention because it does reinforce the concerns that you were reflecting earlier.

Thank you very much, Mr. Brademas.

Mr. BRADEMAS. Thank you very much for your statement, Mr. Weintraub.

I really don't have any questions because your prepared statement and what you have said, really reinforce the kinds of concerns

that the members of the subcommittee were expressing in the questions to Ms. Martinez.

Mr. Jeffords.

Mr. JEFFORDS. Do you have some of the documents or suggestions that you made on reorganization available that you could give to us, so that we could perhaps give some consideration to them?

Mr. WEINTRAUB. Most of these documents were developed jointly among organizations through the Coalition of Citizens with Disabilities, and I am sure that we would be glad to provide those to the committee.

Mr. JEFFORDS. I would appreciate it if you could submit it to us so we can have the benefit of the hard work that you did.

Mr. BRADEMAS. Mr. Miller.

Mr. MILLER. I have no questions.

Mr. BRADEMAS. Mr. Kildee.

Mr. KILDEE. No questions.

Mr. BRADEMAS. Thank you very much, Mr. Weintraub.

We will now hear form Mr. Reese Robrahn, director, Research and Governmental Affairs, American Council of the Blind.

[The full statement of Reese Robrahn follows:]

TESTIMONY OF THE AMERICAN COUNCIL OF THE BLIND
1211 Connecticut Ave., N.W., Suite 506
Washington, DC 20036
(202) 833-1251

AND THE AMERICAN COALITION OF CITIZENS WITH DISABILITIES
1346 Connecticut Ave., N.W., Room 817
Washington, DC 20036
(202) 785-4265

Before the House Select Subcommittee on Education
September 12, 1977

Prepared by Reese H. Robrahn, Attorney-at-law
ACB's Director of Research and Governmental Affairs
ACCD Board Member

IMPLEMENTATION OF SECTION 504 OF THE REHABILITATION ACT OF 1973, AS AMENDED

The American Council of the Blind is a national organization (nonprofit) primarily of individuals having visual impairment, and having 50 affiliated organizations, 40 state membership organizations and 10 professional and special interest organizations.

The American Coalition of Citizens with Disabilities (nonprofit) is a membership coalition of 55 national organizations of handicapped individuals and state coalitions and local organizations of handicapped individuals.

On May 23, 1977, Jimmy Carter, President of the United States appeared at the opening ceremonies of the White House Conference on Handicapped Individuals; and in his address, he made the following statements:

> "There is hardly a national leader on earth in all the 150 nations that span the globe who is not now thinking about two words: 'Human Rights.' And now we in our own country are applying these two words to the handicapped people of our country.
>
> "It is long overdue. For too long, handicapped people have been deprived of a right to an education; for too long handicapped people have been excluded from the possibility of jobs and employment where they could support themselves; for too long handicapped people have been kept out of buildings, have been kept out of streets and sidewalks, have been excluded from private and public transportation, and have been deprived of a simple right in many instances

JUST TO COMMUNICATE WITH ONE ANOTHER...

"IT IS ALMOST INCONCEIVABLE, AND IT IS A REFLECTION ON ALL OF US IN LEADERSHIP POSITIONS, THAT THESE BASIC RIGHTS HAVE BEEN DELAYED SO LONG."

ON THE SAME OCCASION JOSEPH A. CALIFANO, JR., SECRETARY OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE APPEARED AND FURTHER EMPHASIZED THE STATEMENTS OF THE PRESIDENT AS FOLLOWS:

"WE ARE NOW ENTERING A NEW ERA OF CIVIL RIGHTS FOR THE HANDICAPPED INDIVIDUALS OF AMERICA AND WE WILL NOT TURN BACK.

"FOR TOO LONG, AMERICA'S HANDICAPPED INDIVIDUALS HAVE BEEN VICTIMIZED BY DEMEANING PRACTICES AND INJUSTICES. BUT NOW THERE IS A RECOGNITION THAT UNJUST OBSTACLES TO SELF-DETERMINATION AND FAIR TREATMENT MUST FALL BEFORE THE FORCE OF LAW—AN UNDERSTANDING THAT THE NATION AS A WHOLE MUST END THE SHAMEFUL NEGLECT OF HANDICAPPED CITIZENS AND HELP TRANSLATE MANY OF THEIR LEGITIMATE NEEDS INTO LEGAL RIGHTS AND MEANINGFUL PROGRAMS...

"SECTION 504 AND THE 504 REGULATION CONSTITUTE A STRIKING RECOGNITION OF THE CIVIL RIGHTS OF AMERICA'S HANDICAPPED CITIZENS, JUST AS TITLE VI OF THE CIVIL RIGHTS ACT OF 1964 AND TITLE IX OF THE EDUCATION AMENDMENTS OF 1972, AND THEIR COMPANION REGULATIONS ARE CRITICAL ELEMENTS IN THE STRUCTURE OF THE LAW PROTECTING THE CIVIL RIGHTS OF RACIAL MINORITIES AND WOMEN...

"IF HANDICAPPED INDIVIDUALS, RECIPIENTS, LEADERS IN PUBLIC AND PRIVATE LIFE, AND THE FEDERAL GOVERNMENT CAN BE GUIDED BY SENSITIVITY, FAIRNESS AND COMMON SENSE, THEN THE REGULATION CAN IMMEDIATELY BECOME A CHARTER OF EQUAL OPPORTUNITY, NOT AN INVITATION TO LITIGATION."

FROM THE FOREGOING STATEMENTS OF THE PRESIDENT OF THE UNITED STATES AND THE SECRETARY OF PERHAPS THE LARGEST DEPARTMENT IN THE FEDERAL GOVERNMENT IT IS OBVIOUS THAT THE PRESENT ADMINISTRATION REGARDS SECTION 504 OF THE REHABILITATION ACT OF 1973, AS AMENDED, AS A TRULY SIGNIFICANT AND NECESSARY LANDMARK CIVIL RIGHTS LAW SECURING BY FORCE OF LAW CERTAIN RIGHTS OF A SIGNIFICANTLY LARGE SEGMENT OF THE POPULATION OF THE UNITED STATES, HANDICAPPED INDIVIDUALS—PERHAPS AS MANY AS 36 MILLION. THE PRESENT ADMINISTRATION THROUGH THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE AND U.S OFFICE FOR CIVIL RIGHTS HAS FURTHER DEMONSTRATED ITS COMMITMENT TO THE STATEMENTS OF ITS LEADERS BY INITIATION OF THE

DEVELOPMENT AND IMPLEMENTATION OF A BROAD PUBLIC AWARENESS EFFORT AND A STRONG TECHNICAL ASSISTANCE PROGRAM AND BY THE ALLOCATION OF COMPLIANCE AND ENFORCEMENT RESOURCES APPROPRIATELY IN RELATION TO OTHER COMPLIANCE AND ENFORCEMENT RESPONSIBILITIES.

THE AMERICAN COUNCIL OF THE BLIND AND THE AMERICAN COALITION OF CITIZENS WITH DISABILITIES BELIEVE THAT THE PLANS AND EFFORTS ON THE PART OF THE ADMINISTRATION REFERRED TO ABOVE, ARE REASONABLE AND FAIR; AND AT THIS TIME WE HAVE NO QUARREL WITH SUCH PLANS AND EFFORTS.

THE HISTORY OF THE DEVELOPMENT OF THE REGULATION UNDER SECTION 504 NEED NOT BE REPEATED HERE FOR THE MEMBERS OF THIS SELECT SUBCOMMITTEE ARE NO DOUBT WELL AWARE OF THAT HISTORY. IT IS IMPORTANT, HOWEVER, TO KEEP IN MIND DURING THIS HEARING THAT THERE WAS UNDERTAKEN THE MOST EXTENSIVE PUBLIC AWARENESS PROGRAM AND OPPORTUNITY FOR PUBLIC COMMENT EVER CONDUCTED FOR THE DEVELOPMENT OF REGULATIONS UNDER ANY LAW. MANY OF THE WITNESSES WHO HAVE OR WILL COME BEFORE THIS SUBCOMMITTEE AND OFFER TESTIMONY CRITICAL OF THE REGULATION AND THE RESULTING COST OF ITS IMPLEMENTATION, PARTICIPATED EXTENSIVELY IN THE PUBLIC HEARINGS AND COMMENT PROCEDURES IN THE DEVELOPMENT OF THE REGULATION. MANY HAVE UTILIZED THE NEWS MEDIA TO VOICE CRITICISM OF THE REGULATION AND A GREAT DEAL OF HALF TRUTH AND MISUNDERSTANDING, AND EVEN MISREPRESENTATION AND FALLACIOUS INFORMATION HAS RESULTED. THE AMERICAN COUNCIL OF THE BLIND AND THE AMERICAN COALITION OF CITIZENS WITH DISABILITIES DO NOT WISH TO TAKE THE TIME OF THIS SUBCOMMITTEE TO ANSWER OR SET THE RECORD STRAIGHT ON THE MANY CHARGES AND MISREPRESENTATIONS AND FALLACIOUS INFORMATION. INSTEAD, WE URGE THE SUBCOMMITTEE TO RECOGNIZE SECTION 504 FOR WHAT IT IS, A CIVIL RIGHTS LAW FOR THE CITIZENS OF THIS NATION WHO ARE HANDICAPPED, WHICH DESERVES AND COMMANDS THE SAME DIGNITY AND RESPECT ACCORDED TO OTHER LAWS SECURING THE RIGHTS OF OUR CITIZENRY. THE AMERICAN COUNCIL OF THE BLIND AND THE AMERICAN COALITION OF CITIZENS WITH DISABILITIES BELIEVE THAT THERE HAS NOT BEEN SUFFICIENT TIME ELAPSED SINCE THE EFFECTIVE DATE OF THE REGULATION TO PROPERLY ASSESS THE REALITIES OF ITS IMPLEMENTATION. WE URGE THIS SUBCOMMITTEE AND THE CONGRESS TO REFRAIN FROM TAMPERING WITH THIS LAW AND ITS REGULATION.

THE AMERICAN COUNCIL OF THE BLIND AND THE AMERICAN COALITION OF CITIZENS WITH DISABILITIES FURTHER BELIEVE THAT THE GREATLY PUBLICISED HIGH COSTS OF COMPLIANCE WITH THE LAW AND ITS REGULATION ON THE PART OF SOME RECIPIENTS OF FEDERAL FINANCIAL ASSISTANCE ARE GROSSLY EXAGGERATED OR DETERMINED WITHOUT ADEQUATE KNOWLEDGE AND INFORMATION; AND THAT THEREFORE THE TRUE COSTS CAN BE BORNE WITHOUT UNDUE HARDSHIP. HOWEVER, IF THIS SUBCOMMITTEE FINDS AND THE CONGRESS FINDS FROM ALL AVAILABLE FACTS

AND INFORMATION THAT THERE IS A NEED TO PROVIDE ADDITIONAL FINANCIAL ASSISTANCE FROM PUBLIC FUNDS TO ASSIST IN COMPLIANCE WITH THE LAW AND ITS REGULATION, THEN WE WOULD NOT VOICE OPPOSTION TO REASONABLE MEASURES PROVIDING FOR THE SAME.

WE HAVE URGED THAT SECTION 504 AND ITS REGULATION SHOULD NOT BE TAMPERED WITH AT THIS TIME. AT THE SAME TIME WE URGE THAT THIS SUBCOMMITTEE RECOMMEND THE INTRODUCTION OF A BILL OR BILLS WHICH WOULD: 1. CREATE AN EXPRESS INDIVIDUAL RIGHT OF ACTION BEFORE THE JUDICIARY UNDER SECTIONS 501, 503, AND 504 OF THE REHABILITATION ACT OF 1973, AS AMENDED, LIKE THOSE PROVIDED FOR IN OTHER SIMILAR CIVIL RIGHTS LAWS; AND 2. PROVIDE FOR THE AWARDING OF ATTORNEY'S FEES FOR COMPLAINANTS UNDER THE SAID SECTIONS 501, 103, AND 504 IN THE SAME MANNER AND UNDER THE SAME CIRCUMSTANCES AS THOSE PROVIDED FOR UNDER OTHER CIVIL RIGHTS LAWS.

RESPECTFULLY SUBMITTED,

AMERICAN COUNCIL OF THE BLIND &

AMERICAN COALITION OF CITIZENS WITH DISABILITIES

STATEMENT OF REESE ROBRAHN, DIRECTOR, RESEARCH AND GOVERNMENTAL AFFAIRS, AMERICAN COUNCIL OF THE BLIND, WASHINGTON, D.C.

Mr. ROBRAHN. Thank you very much, Mr. Chairman.

Mr. BRADEMAS. If you will allow me to interrupt, sir, perhaps you could try to summarize your testimony also, because the House is going to be in session in just a few minutes.

Mr. ROBRAHN. Yes, I plan to do that anyway.

I would just like to say first, this is the first time I have appeared before this subcommittee, that the American Council of the Blind is a national organization of primarily persons with visual impairments, and it has 50 affiliate organizations, 40 of them State membership organizations and 10 professional or special interest groups, such as the American Blind Lawyers Association, Visually Impaired Secretarial Transcribers Association and so forth.

I would simply like to state that we concur in what Mr. Weintraub has said because the American Concil of the Blind is one of the organizations that works together getting a consensus on what needs to be done in the way of reorganization.

Very frankly, the written statement that I submitted on behalf of the American Council of the Blind was hurriedly put together and really I didn't have adequate time to do it because of the lack of time of notice of these hearings, but I would say, to emphasize more what some of the witnesses have testified to, and what Mr. Weintraub said, that instead of pushing, delegating authority downward, we feel that something must be done to give more importance, much more stature in the eyes of the executive branch of the government programs for handicapped individuals.

I can't document it, but I keep hearing people say the Department of Health, Education, and Welfare gives programs for the handicapped the bottom line on priorities in the department, and I don't know whether that is true.

As I say, I can't document it, but I think that perhaps that explains what has happened in this reorganization, that is the fact that they did not consult with the people who were to be served by these programs in the reorganization at all.

I think that explains why there is a delegation downward in the administrative structure. Rather than create a dual role for the administrator, the Administration on Handicapped Individuals and the commissioner on Rehabilitation Services Administration, which flies in the face of all good and accepted management, administrative procedures, we would suggest that there is such a tremendous need for a meaningful and greatly expanded public awareness program in this country, to acquaint the public with the special needs of handicapped individuals, and the kinds of services that are necessary to fulfill those needs, because all too frequently when there is a reorganization within government, it becomes a reorganization on paper and nothing really happens that is very substantial as a result of it, except perhaps to worsen the situation.

What we feel is absolutely necessary is that there be a real commitment on the part of the administration in the White House for the improvement of programs for handicapped individuals, a provision of services. That can only be done, we feel, by the establishment of a White House staff level domestic office position.

We have made some other specific recommendations that would involve the creation of a mechanism by which there could be total coordination throughout all departments and agencies of the government.

If you only organize and coordinate programs within HEW, which admittedly is a big part of the ball of wax, still it is not going to accomplish the ultimate goal of what we are trying to do for handicapped people as we are trying to do for all citizens. We want handicapped people to have the opportunity to have services that will make it possible for each to achieve his maximum potential.

What good does it do to proivde the services which will take a handicapped person through the educational process, take him through the job training process, get him placed, and then have him put in the position where he has to refuse employment because the public transportation is not accessible to him, and because he does not have personal finances that would enable that person to provide his own private transportation?

The whole thing comes to an end and he falls in a crack. And so there has to be a total reorganizational system whereby there is total coordination that cross-cuts all departments and agencies. You can't put all of these services into one large agency. That would be ridiculous, because a part of it is transportation, and transportation for handicapped individuals should be in the Department of Transportation, and so on.

We think that we have made suggstions in our written tstimony which would provide mechanisms whereby these problems could be greatly improved. I won't take any more of your time but I thank you for the opportunity to testify.

Mr. BRADEMAS. Thank you very much, Mr. Robrahn. We will take into account those suggestions and also thank you for your statement that focuses on the 504 regulations.

The Chair would observe that tomorrow morning at 9:30 we shall continue hearings on the 504 regulations in Room 2261 of the Rayburn Building.

Mr. Jeffords.

Mr. JEFFORDS. I have no further remarks to offer, other than to thank you very much for the statement. I was certainly very interested in hearing you talk about this, especially with respect to 504, which is of great concern to me.

Mr. BRADEMAS. Mr. Kildee.

Mr. KILDEE. No questions.

Mr. BRADEMAS. Thank you very much, Mr. Robrahn.

The Chair would invite all persons who wish to have any statements entered in the record on the reorganization of the Office of Human Development in the Department of Health, Education, and Welfare to submit such statements.

The Chair will just make a final observation that although it is very clear that members of this subcommittee on both sides of the aisle have very grave reservations about the reorganization that was the subject of the hearing today, that we hope that the next weeks and months are much more constructive and productive in respect of the attitude on the part of the Department of Health, Education, and Welfare toward this reorganization. Otherwise it looks as though, at least to the chairman, that it is going to be a very painful period of time.

The Chair had called on the last three witnesses, but apparently Mr. Coler didn't hear, and so we assumed he had not come.

Mr. Coler, go right ahead.

[The full statement of Gregory L. Coler follows:]

Testimony of the National Council of State
Public Welfare Administrators
(American Public Welfare Association)

before

Subcommittee on Select Education
Committee on Education and Labor
U.S. house of Representatives

September 12, 1977

My name is Gregory L. Coler. I am Associate Commissioner for the Division of Services of the New York State Department of Social Services. On behalf of the American Public Welfare Assocation and its National Council of State Public Welfare Administrators, I am pleased to have the opportunity to testify on the reorganization of the Office of Human Development Services.

The National Council has taken an active and ongoing interest in the Federal leadership role in social services for children, youth and their families. In the fall of 1976 a special subcommittee of the Council extensively reviewed organization problems encountered by these services at the Federal level (including organization both of cabinet level agencies and Congressional committees as pertains to program jurisdiction), and then developed a paper analyzing these problems and offering recommendations for their resolution. That paper was approved by the 50-state Council on December 15, 1976 and was widely disseminated to HEW and other groups and individuals thereafter.

Early this year we were pleased when the Secretary of HEW began a reorganization which included some of our recommendations for social services for children, youth and families. Now, the Assistant Secretary for OHDS is well into a reorganization of that agency, with a target date for substantial completion by January 1, 1977.

Although we see in the outlines of OHDS' plan a reflection of many concerns we expressed last year, we have some serious questions as to whether the

directions that are now being shaped in that reorganization will resolve some major concerns. We have attached to this testimony, for your information, a copy of the National Council of State Public Welfare Administrators' paper of December 15, 1976, entitled "Solving the Problems in Federal Leadership of Social Services for Children, Youth and their Families and Special Target Populations." Following are a few specific concerns that surfaced on August 19 this year when the Social Services Committee of the National Council heard a brief presentation by OHDS staff on the OHDS reorganization plan:

1. The Administration is establishing a structure for carrying on Intergovernmental Relations, fanning out from the White House, through the Secretaries of cabinet departments, and out to Principle Regional Officers (formerly Regional Directors, but now to be moved out of line program authority). OHDS is putting up an Intergovernmental Relations staff with Offices for State and Community Affairs in the Feueral Regions, reporting to the OHDS Regional Administrator and a parallel staff operation at the OHDS Central Office reporting to the Assistant Secretary. Not only is it unclear how the OSCAs will relate to the PROs at the Regional level and to the Office of the Secretary of HEW at the Central Office level, it is difficult to understand their intended authority relative to the new program, policy and fiscal management offices being established in OHDS. Will this structure interpose another layer or two of bureaucracy between administrators of programs for children, youth and families at the state level and the decision-making authorities at OHDS and HEW? Will the new mechanism set up within the OSCAs encourage OHDS to by-pass the state agencies that administer their Programs and work directly with State Legislatures (as OCD has done in the past)? Will OHDS establish a 1960's style adversary role vis a vis the state agencies?

2. Some programs administered by OHDS have counterparts or critical components in other cabinet departments and independent agencies (e.g., juvenile

delinquency prevention programs are administered by the Law Enforcement Assistance Administration within the Justice Department as well as under Title IV-B, now to be under the new Administration for Children, Youth and Families, OHDS; the Work Incentive program (WIN) for AFDC recipients has a lead role for the Labor Department while WIN child care and supportive services are to be administered by the Administration for Public Services/OHDS). Through what mechanism will OHDS coordinate planning, funding, policy direction, monitoring and evaluation for these scattered programs?

3. Some Programs administered by OHDS have critical components in other agencies within HEW (e.g., Social Security Administration now has responsibility for AFDC, including AFDC/Foster Care, while APS/OHDS administers foster care services under Title XX, ACYF/OHDS administers foster care maintenance payments and services under Title IV-B, and the Administration for Handicapped Individuals (AHI)/OHDS administers developmental disabilities program, which in some states also provide foster care). Through what mechanism will OHDS coordinate planning, funding, policy direction, information systems, monitoring and evaluation for these scattered programs?

4. Some programs administered by OHDS have counterprats, even replicas, administered by sub-agencies within OHDS itself: day care services (representing approximately one-fourth of the $2.5 billion Federal dollars expended under Title XX) are administered by APS/OHDS for purposes of Title XX; day care services for Headstart and Title IV-B are administered by ACYF/OHDS; protective services (which may also include day care) are administered both by APS and ACYF/OHDS; WIN day care is administered by APS alone. Through what mechanisms will OHDS coordinate planning, funding, policy direction, information systems, monitoring and evaluation for these scattered programs within its own agency?

5. In OHDS reorganization charts, the Office of State and Community Affairs (OSCA) appears to be the designated terminal for a panoply of special concerns

such as citizen participation, veterans affairs, rural development, volunteer affairs, constituent groups and public information. The strong impression has been received that the working relationship with state agencies administering child, youth and family programs funded by the Federal government falls somewhere within this capacious net. Where in fact in the OHDS reorganization plan is provision being made for attaining the strong, clear, continuous communication and cooperation between OHDS administrators and their counterparts in the states which is so sincerely desired and sorely needed?

The above are only a sampling of concerns based upon early review of printed materials on the OHDS reorganization and a brief overview presented to the Social Services Committee by OHDS staff. We hope that within the course of the next weeks and months, many of these problems will be overcome. We also recognize that further reorganization of program authority within HEW and other cabinet departments and independent agencies as well as within the Committees of Congress will be needed before social services for children, youth and families as well as for adults and the aging can be truly rationalized, as is the objective of OHDS and all state administrators.

Attachment: Paper entitled "Solving the Problems in Federal Leadership of Social Services for Children, Youth and their Families and Special Target Populations"

AMERICAN PUBLIC
WELFARE ASSOCIATION
1155 SIXTEENTH STREET, N.W. WASHINGTON, D.C. 20036

Edward T. Weaver
Executive Director

Suite 201
Telephone (202) 833-9250

December 15, 1976

NATIONAL COUNCIL OF STATE PUBLIC WELFARE ADMINISTRATORS
Recommendations for

SOLVING THE PROBLEMS IN FEDERAL LEADERSHIP OF SOCIAL SERVICES
FOR CHILDREN, YOUTH AND THEIR FAMILIES AND SPECIAL TARGET POPULATIONS

A. Background

In recent years there has been a serious diminishing of the federal leadership role in the provision of state social services for children, youth and their families. While it seems unlikely that this resulted from a conscious policy to serve children less well, the result is the same as if there had been such a policy.

Analysis of the Problems

The National Council of State Public Welfare Administrators, through a Social Services subcommittee, has undertaken a limited review in order to understand the nature of these problems within the federal government. Based on this study the following appear to be the critical problems to solve:

1. Divided Authority/Confusion of Roles - The two main units of HEW concerned with social services for children are the Public Services Administration (PSA) and the Office of Child Development (OCD). A third is the Office of Youth Development (OYD). The PSA administers the $2.5 billion social services program of Title XX. The OCD administers the Headstart programs and child abuse and neglect programs of the country, and, through its Children's Bureau, offers a limited advocacy service for children and some sparse standard-setting and technical assistance. The OYD administers grant funds and research activities under the Runaway Youth Act. Thus even within HEW separate agencies have operational obligations for children's services and one (OCD) develops and recommends (or establishes) standards for part of the services another, (PSA), oversees.

To further complicate the situation, these Federal agencies are in second-level positions within two larger agencies (Social and Rehabilitation Service and Office of Human Development), each reporting to the Secretary: PSA is located in SRS; OCD and OYD are under OHD and the Children's Bureau is within OCD. By their placement in the authority structure of HEW, the resolution of any problems between OCD, OYD and PSA and coordination of their roles requires the direct involvement of the HEW Secretary. Such involvement on an ongoing basis cannot realistically or appropriately be expected. The placement permits "buck-passing", thereby reducing accountability, and results in some programs being seen as no one's responsibility, i.e., intercountry adoptions. Dispersing the responsibility for social services for children, youth and their families into several second-level units of HEW also discourages essential coordination with related programs elsewhere in HEW, e.g.,

child nutrition programs and the disabled child aspects of the Supplemental Security Income Program in the Social Security Administration.

Placement of PSA in the Social and Rehabilitation Service (SRS), with the units responsible for Aid to Families with Dependent children (AFDC) and Medicaid, has been disadvantageous for administrative attention to social services. This is due at least in part to the fact that both AFDC and Medicaid are huge expenditure programs, have open-ended appropriations (Title XX does not), and are politically volatile. Administrative concern for social services has, as a consequence, suffered.

Lack of a clear philosophy as to appropriate roles for the federal bureaucracy has contributed to the stalemate. As Title XX was conceived and developed, HEW, in support of states' rights to make important decisions about social services, seemed to conclude that this required an absolutely silent federal role, except for some accountability requirements. Most states had been pleased with the historical relationship which had developed, particularly in the area of social services to children, youth, and their families and were prepared for continued federal leadership. It was only when the federal government assumed a heavy-handed role, characterized by excessive regulation, interference and unreasonable accounting requirements that states resisted the new "leadership" through court suits. This posture of the states in opposition to HEW may have been interpreted as a negation of the states' willingness to respond to affirmative leadership.

2. Conflicting Program Requirements and Categorical Funding - Because programshave been fragmented by statute and further fragmented by federal agency organizational structures, services programs (and frequently, single services) are funded through multiple sources with diverse objectives, often with incompatible administrative requirements and eligibility criteria. If they are to serve their communities well, state and local level program administrators must spend much of their time in pursuit of funding through the catalog of federal programs and in attempting to meet their separate accounting, reporting and other administrative requirements. These necessities are another producer of waste and inefficiency on a grand scale. Further, given this diversity of program and administrative requirements for what is often the same service, reliable data for fiscal accounting and program purposes cannot be aggregated.

In Pennsylvania, for example, 80% of the day care centers receive funding from more than one source, e.g., Headstart, Title XX, Appalachian Regional Commission, the Work Incentive Program (WIN), the Elementary and Secondary Education Act (ESEA), and the school nutrition laws. Since each of these programs have different eligibility requirements, different matching requirements, and different programmatic requirements, an agency administrator becomes overwhelmed with paperwork and bookkeeping. For example, an agency is required to keep different records for:

(1) Account codes for fiscal accountability;
(2) Children's eligibility for different matching funds;
(3) Different programmatic aspects (Headstart puts stress on school readiness and parent participation, while WIN just provides care for the child while the mother is working);

Further complicating the fiscal picture is the fact that 25% of Pennsylvania's child care centers receive Appalachian Regional Commission funds which may be used as the non-federal match. These federal funds can be used to claim additional federal Title XX and Headstart funds.

Similar problems and issues arise in funding the several foster care and juvenile delinquency programs. All states can provide examples similar to the Pennsylvania experience.

3. Inadequate Professional Staffing - Both PSA and OCD lack adequate numbers of professional staff. Many positions in the PSA have over recent years either been left vacant or were filled by persons with an "acting" status. In substitution for such staff technical assistance to the states, PSA particularly, and OCD to some extent, have turned to contracts with private consulting firms to perform highly prescribed functions. The states do not view such contracts as being of any help to them. In practically every contract the states have had to spend time to teach the consultants about the job the federal government paid them to do. Each consultant had to be taught the unique conditions and situations in each state. No follow-up service ever occurred after a contract was over - unless another firm was hired to provide a follow-up service. Program specialists and staff experienced in state and local level program issues have been replaced by budget and management experts.

Even the federal program specialists who were available from HEW apparently were not called upon to offer expert testimony and opinions to Congressional members, committees and staff. Thus Congress itself was deprived of routinely accessible authoritative knowledge.

A related problem concerns the lack of uniform interpretation of laws and regulations by the program specialists, auditors and attorneys of HEW. Conflicting interpretations and sometimes no interpretations at all leave states with a high risk for loss of federal money, at the worst, or public criticism of a state by HEW, at the best.

4. Inadequate Funding of Social Services for Children - Many services for children are funded from Title XX funds. The ceiling for federal funding for these state grants was set at $2.5 billion beginning with FY 1973. No change in that ceiling has occurred since that time until special funds amounting to a maximum of $200 million for FY 1977 was made available recently for day care services. A few states are not yet spending all the Title XX funds apportioned to them. To deal with the situation of an out-dated federal appropriation for social services, some states, faced with inflated social service costs, have simply reduced services to the fund levels available. Others have added funds for 100% state funding when organized lobbying groups have become active to fund their pet services. (Many services for children, e.g., protective services, do not have strong lobbying groups or any lobbying group at all.)

Another source of federal funds for child welfare services are so-called IV-B funds which currently amount to $56.5 million for FY 1977, although the authorization is for $266 million. These funds, which have grown very little in recent years, were originally designed for strengthening and extending

child welfare services. Most states used them for testing and demonstrating new child welfare services and for research in service and administration. As federal social service dollars did not keep up with operational demands, state after state converted these innovation dollars to the support of foster care costs.

Federal funds for new programs such as the Runaway Youth Act and the Juvenile Justice and Delinquency Prevention Act have often been deferred or not recommended for renewal by the Administration.

5. Incoherent Federal Legislative Activity - The laws affecting children have been developed over many years, often without consideration of existing laws or the philosophies they already expressed. Some laws created further problems of accountability for funds and consistency of programming by forcing new administrative structures outisde HEW, e.g., placement of responsibility for juvenile delinquency funds in the Department of Justice. Even funds administered by HEW have had conditions attached which scattered program responsibility, as when developmental disabilities funds are used for foster care, resulting in parallel, sometimes contradictory, foster care systems.

Some elementary attempts have been made to establish national goals, e.g., in Title XX, but these are more by chance than by design and are really goals for a particular service rather than the goals for a particular group, such as children and families. Actually, a substantial amount of federal policy on day care is contained in the income tax laws relating to tax deductions for child care, but the policy is essentially isolated and unrelated to other federal positions on day care or on the care of children outside their own homes.

In Congress, jurisdiction and oversight for administration of program laws affecting children is split among many committees. Thus no single unit of Congress can develop expert information and knowledge on the problems of children, so it can apply needed legislative attention.

6. Lack of Basic Information - Responsibility for the collection of statistics on children, families, and child welfare services rests in HEW in a unit outside both PSA and OCD. Much data collection has been reduced or eliminated in recent years. Basic information on children, their needs and services extended to them are totally missing, obtainable only through exceptional efforts, or are completely outdated. The new Social Services Reporting Requirements are a limited tool both for fiscal and program information, in part at least because steps taken to improve the overall federal-state system through that mechanism have suffered from a lack of understanding of program philosophy. Technical help to the states for these purposes is all but totally absent. The net result is that essential information for rational planning and budget decisions is unavailable either to the legislative or executive branches at the federal and state level.

B. Recommendations

In presenting its recommendations the Social Services Committee is mindful that social services for children, youth and their families do not exist in a vacuum apart from all other social services. This wider context is recognized in some of the Committee's recommendations. The Committee's mandate did not embrace an exploration of the effects of disorganization and weakened leadership at the Federal level upon services for the aging and other special target populations. Nevertheless, we are fully confident that for each of the problem areas set forth in Part A, Background, of this paper, numerous examples of effects specific to these populations could be developed. The Committee recommends the following:

1. Organization

a. One Line Agency for All Social Services (Personal Social Services) Congregate social services programs under a single operating agency, beginning with those for which no statutory authority is required, e.g., child abuse and neglect (P.L. 93-247); Headstart; appropriate native Americans programs; Title XX; Title IV-B; WIN child care; alcoholism and drug abuse; community mental health. Initiate legislation to bring other social services programs under the same line agency, e.g., juvenile delinquency and runaway youth programs from LEAA/Justice Department; Rehabilitation services and services for the aging from OHD/Office of the Secretary, HEW; Social Services from Community Services Administration (independent agency).

b. Placement of Social Services in Line Agency. Head of the single, operating agency should have direct access to the Secretary rather than through an umbrella that includes subsidiary administrations for social services, assistance payments and medical services.

c. Placement of Advocacy Offices. The single, operating agency should have attached to it advocacy offices which would have federal level functions but not direct line responsibility for state and local services programs. Advocacy offices should be organized around the three broad age categories within the services population, i.e., children and youth and their families, aging, and adults (without dependent children, including handicapped or disabled adults). Existing advisory offices for problem categories (e.g., delinquency, physical or mental handicaps) should be subordinated, if continued, to the above advocacy offices.

d. Functions of Advocacy Offices. Advocacy offices for each of the three age-related categories shouls have authority and responsibility for:

(1) Investigation of conditions, etc. (similar to Children's Bureau charge but broader to include youth and their families), including funding necessary to this function.
(2) Advocacy, i.e., reporting on said conditions, disseminating information, holding conferences, hearings, etc.;
(3) Input (based on a structured participation of state and local program administrators in an advisory capacity) to operating agency's long and short range strategy for research and demonstration; sign-off authority on R & D projects;
(4) Systematizing data collection for use as social indicators (and for reporting to a Council of Social Advisors);

(5) Review authority for planning/budgeting for single operating agency programs;
(6) Monitoring of programs in field.

2. Staffing

a. Professional Specialists, Headquarters. Specialists should be allocated to the single operating agency in sufficent numbers to provide national leadership and to transfer knowledge to and between local and state offices through regional office staff for (a) programs, e.g., foster care, adoptions, services for the retarded; (b) management, e.g., planning, information systems, evaluations, needs assessment; (c) staff development and training.

b. Professional Specialists Regional Offices. Specialists in program management and staff development should be located in each regional office in sufficient numbers to assure their availability to consult with each state in the region.

c. Consultant Firms. Limit the use of contracting with private firms in the social services area to occasional, ad hoc, and carefully circumscribed situations where their unique skills are useful and their inherent limitations will not be disabling. When firms are used HEW should consult in advance with the states affected before committing the states' staff and management resources to carrying out a contractor's task.

HEW should help states to develop a capacity to perform research and conduct demonstrations, thus cutting back on the problem of transferring experience from the consulting firm or outside project to the program operator.

3. Social Advisors -

Establish a Council of Social Advisors to the President (similar to the Council of Economic Advisors) to report and recommend on conditions affecting the social life of the Nation, including assessment of the impact of past as well as prospective laws and policies on children, youth and family life.

4. National Policy

HEW, through the proposed Advocacy Offices should evolve a national policy for children, youth and their families; for the aging; and for other adults, beginning with grass roots activities to explore changing definitions of the family, changing arrangements for child rearing, for long-term care, for group living, and the need for new or revised laws to encourage or accomodate such policy. The policy outlined should be susceptible of continuing periodic review and ratification or revision through the political process.

5. Congress

Support reorganization of Congressional Committees along functional lines, e.g., health, manpower, income maintenance, and social services, in order to eliminate split jurisdictions.

6. Financing of Services - Increase

Increase the $2.5 billion appropriation for Title XX to a size which at least recognizes the inflation which has occurred since 1973. Increase the $2.5 billion appropriation for Title XX to the full $266 million currently authorized and pass legislation to restore the innovative use of these funds in line with the recommendations of the National Council of State Public Welfare Administrators (attached).

(While other social services programs may also be insufficiently financed at this time, too, time did not permit the comprehensive analysis necessary.)

7. Management Information

HEW should review the collection of information on the conditions affecting children and youth, as applied to needs, services, and expenditures, so as to have available comprehensive information for knowledgeable decision-making by HEW, the President and Congress. HEW should make available to the states technical assistance for the development of adequate management information systems for social services delivered and expenditures made. Congress should appropriate funds specifically for states to develop the management information systems specified previously, with 90-10% matching.

8. Research

Establish an advisory committee of state agency representatives (and possibly state legislators) and private child welfare agency representatives to advise HEW on research projects to undertake in behalf of children. Increased use should be made of state agencies providing child welfare services as "sole source" providers of research activities.

This report, including recommendations for Federal level action, was approved unanimously by members of the National Council of State Public Welfare Administrators of the American Public Welfare Association in their meeting on December 15, 1976.

STATEMENT OF GREGORY L. COLER, ASSOCIATE COMMISSIONER, DIVISION OF SERVICES, NEW YORK STATE DEPARTMENT OF SOCIAL SERVICE

Mr. COLER. I am sorry. I know your time is short so I will try to go as quickly as I can.

My name is Greg Coler, chairman of the Social Services Committee of the National Council of the State Public Welfare Administrators.

In the interest of brevity, Mr. Chairman, I am going to turn to the heart of my testimony.

This particular issue has been of concern to the people who run social services in the States, certainly last year, and we have a position paper which is attached to my testimony adopted by all 50 States on December 15 of last year.

I am going to turn to the part of my statement dealing with the subject you touched on, the administration of problems with children and families.

Some programs administered by OHDS have counterparts, even replicas, administered by subagencies within OHDS itself: day care

services (representing approximately one fourth of the $2.5 billion Federal dollars expended under Title XX) are administered by APS/OHDS for purposes of Title XX; day care services for Head Start and Title IV-B are administered by ACYF/OHDS; protective services (which may also include day care) are administered both by APS and ACYS/OHDS; WIN day care is administered by APS alone. Through what mechanisms will OHDS coordinate planning, funding, policy direction, information systems, monitoring and evaluation for these scattered programs within its own agency?

The answer is unclear to us after giving very serious study to the reorganization documents.

In OHDS reorganization charts, the Office of State and Community Affairs (OSCA) appears to be the designated terminal for a panoply of special concerns such as citizen participation, veterans affairs, rural development, volunteer affairs, constituent groups and public information. The strong impression has been received that the working relationship with State agencies administering child, youth and family programs funded by the Federal Government falls somewhere within this capacious net. Where in fact in the OHDS reorganization plan is provision being made for attaining the strong, clear, continuous communication and cooperation between OHDS administrators and their counterparts in the States which is so sincerely desired and sorely needed?

Our concerns are underscored by the assistant secretary's testimony presented to you today. Nowhere in her statement is mention of the new OHDS organization, how it is going to relate to the State agencies that have the operating responsibility for the programs OHDS runs.

The above are only a sampling of concerns based upon early review of printed materials on the OHDS reorganization and a brief overview presented to the Social Services Committee by OHDS staff.

I would say however that we were very concerned by a statement made by the acting director of Policy Management and Control in the assistant secretary's office, when told that one of the efforts made by this new Office of State and Community Relationships will be to have staffing directly to work with State legislatures. State administrators see this side-road approach to the development of policy as being debilitating to all concerned.

In our opinion the present organizational effort represents a mere reduction of boxes on a reorganization chart without any indication that segregated programs are going to be put into some kind of rational administration.

I thank you, Mr. Chairman, for the time. I know you are rushed.

Mr. BRADEMAS. Thank you very much, Mr. Coler. I am very glad that we caught you, because I think you made an extremely good statement, and in it you have touched upon some of the other concerns that we really didn't take time to get into, particularly the relationships with State agencies, and the question of the relationship between the assistant secretary's office and the regional offices that are being established. Those are both whole new areas to which I am sure members of our subcommittee will also have to give our attention.

Let me, in that regard, ask you if the group for which you speak was consulted by HEW in respect of this reorganization.

Mr. COLER. We did have an opportunity at our last meeting, and at our invitation, to Frank Nugent, the deputy assistant secretary. We were visited by Mr. Warren Masters, the acting director of the Office of Policy Management and Control. His statements only increased our concerns that there is not a central focus within this reorganization on how OHDS is going to deal with those agencies that run their programs, the single State agencies in the State because we are the confluence of the policies that are passed and bills that deal with just one program.

I think just the brief examples I gave in day care are an indication of the kind of program substance that needs the kind of administrative rationalization that you were probing for this morning, and I must say when State administrators look at a superstructure in the assistant secretary's office that numbers 255 people, a new regional operation with no clear indication of whom we are going to receive our orders from this regard to the implementation of the legislation you pass, you know it is of concern to us.

We want to reestablish the clear lines of communication that existed before the Office of Child Development was split off from SRS back in 1967. I think I am wrong in the year, but about 10 years ago.

There hasn't existed since that time a really profitable kind of relationship between the States and HEW in regard to the implementation of programs, and those of us who have worked along with you through the concerns in the last administration, Title IV-A, Title XX and all of that frustrating business, of course, we are very hopeful that with this new administration that we could make some very strong and clear strides forward.

I think the potential for that is here if some of these immediate questions of substance—and I refer particularly to research and development and to systems development, because that is where the rubber is going to really meet the road as to whether or not this new organization makes sense.

The R. & D. program, the $80 million that gets spent on research, if there is one plan that addresses policy across the boards, and if systems that provide the information on what we are doing with these services, and is anything happening to people, if those things can be well administered in this plan, then I say it makes sense, but I don't think it can until there is some more very specific addressing of these kinds of substance problems of reorganization.

Excuse the lengthy answers.

Mr. BRADEMAS. That is an extremely helpful statement, Mr. Coler, and we thank you very much.

Mr. Jeffords.

Mr. JEFFORDS. I certainly want to compliment you on your statement. I am just curious.

What was the date of your last meeting?

Mr. COLER. It was approximately 2 or 3 weeks ago.

Mr. JEFFORDS. So that was after July 26.

Mr. COLER. Yes, and I invited the gentleman who came. We asked him if he would like to consult our committee again, because we

told him we were very interested in talking with him, but we haven't heard from him since.

For instance, one of the things that really concerns me, we pressed the question when he was with us, that you haven't gone far enough. How do you rationalize Title XX, day care, protective services and foster care in the new Administration on Children, Youth, and Families? His answer to that was well, there is a diometric difference between Head Start and Title XX day care. I asked to give me the specifics of that. He said nutrition, cognitive development. I said which are not in FIDCR which administers the programs. And what runs the Head Start programs in our State? The agency in New York City runs the biggest Head Start program in the country. They are responsible to us. Those kinds of questions, those kinds of statements being made by principals who are going to be running the staff operation cause us I think legitimate concern and we are happy to have an opportunity to state those concerns. So that hopefully we can seek corrective action before we lose some important ground.

Mr. JEFFORDS. Thank you again.

Mr. BRADEMAS. Thank you again, Mr. Coler.

The subcommittee is adjourned.

[Whereupon, at 12:12 p.m., the subcommittee was adjourned.]

APPENDIX

STATEMENT

of the
National Society for Autistic Children, Inc.

to the
House Select Committee on Education

concerning
HEW Reorganization

September 9, 1977

The National Society for Autistic Children is an organization of parents, professionals and interested citizens dedicated to the welfare of children and adults with severe disorders of communication and behavior. The Society has over 100 chapters throughout the United States and liaison with its counterparts throughout the world. Its chief activities are research support and advocacy; a limited number of direct service projects are administered by local chapters.

It is from our advocacy perspective that we wish to make our comments and recommendations, because we feel the Administration's proposals will result in even greater difficulties in obtaining services for the population we represent. Our remarks will be limited to the new Office of Human Development Services, specifically the Administration for Handicapped Individuals.

While we understand the need to streamline the admittedly unwieldy system that existed, we feel the new structure is an overcorrection. To have the Commissioner of the Administration for Handicapped Individuals also serve as the administrator of one of the six subunits of that administration will, at best, result in an impossible workload with insufficient attention to one or both sets of responsibilities. At worst, the unavoidable conflict of interest will exacerbate existing inequities in planning and service delivery.

There is an understandable tendency of government as well as the general public to equate the concept of "handicap" with a visible symbol: a wheelchair,

a white cane, a hearing aid. But many handicaps are invisible; as a consequence those who suffer from them suffer from a lack of attention to and concern for their needs as well. Most such persons are developmentally disabled: their handicap is substantial and life-long, and they do not have the resource of normal growth and development to assist them in their efforts to cope with the so-called "normal" world.

Put more succintly, there is a group of handicapped persons for whom the concept of rehabilitation is totally inappropriate, yet the highest administrative level of service for the handicapped is now conceptually and practically tied to that concept. The best example can be found in the Rehabilitation Services Administration's ambiguous mandate to give priority to vocational and prevocational services for the most severely handicapped - as long as they have employment potential, and as long as a certain number of cases are successfully closed each year! The consequence of this type of service design is exclusion from and by the helping system of those persons who need habilitation.

The Society, therefore, recommends that the position of Commissioner of the Administration for Handicapped Individuals be entirely separate and be filled by a person whose orientation, by training and experience, is to the full range of planning and services needed by all handicapped individuals.

We have one other major concern: where in the new organization are the still unmet needs of handicapped persons recognized. The reorganization is based on a mere reshuffling of a "bandaid" system rather than a genuine restructuring based on a holistic perspective. One of the more positive recent trends in accessing services for the handicapped is the use of generic rather than categorical service systems. Some of these are within HEW (i.e., Education), but many are in other departments - for example, Housing, Transportation and Labor. Yet nowhere in the new Administration is there clearly assigned responsibility for planning and coordination.

There may be an assumption that these functions are adequately discharged by the Developmental Disabilities Office and the Office for Handicapped Individuals. Such an assumption is simply not valid. Both Offices have limited mandates: the former by eligible target population (i.e., to the special group described earlier), the latter by function (to the collection, coordination and dissemination of information). Moreover, neither office is presently staffed sufficiently to carry out its present functions optimally; hence, neither could begin to assume the responsibilities of a major new assignment.

The Society, therefore, recommends the establishment of an Office of Planning and Coordination, reporting directly to the Commissioner. This could be either a staff or line office, but it must have a separate identification and no other responsibilities. The improved coordination in planning and service delivery would result in true economies.

NSAC appreciates the Committee's interest in this area as evidenced by these hearings and thanks the Chairman and members for this opportunity to present its views.

Statement prepared by

MARY S. AKERLEY
for the
NSAC NATIONAL AFFAIRS COMMITTEE
2808 FEDERAL LANE
BOWIE, MD. 20715

NATIONAL FEDERATION OF THE BLIND

SUITE 212 DUPONT CIRCLE BUILDING
1346 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036

PHONE
(202) 785-2974
(202) 785-2975

August 2, 1977

The Honorable John Brademas, Chairman
Subcommittee on Select Education
House Committee on Education and Labor
Washington, D.C. 20515

Dear Congressman Brademas:

The National Federation of the Blind has just held its 37th annual convention. This was our largest convention, with more than 2,500 people in attendance, representing the blind of every state and the District of Columbia. The convention adopted a number of resolutions which have significance for federal government programs established for the benefit of blind persons and other citizens.

One resolution, unanimously adopted, deals with the general topic of federal government reorganization. This resolution (77-11) is enclosed herewith. It reflects our experience in the area of government reorganization. This experience indicates that managerial experts almost always overlook the needs of people, showing a preference instead for neatness of organizational chart. This approach has a particularly devastating affect on human services programs. We know that many states provide substandard services for the blind, and most often this is due to the fact that these services are housed in an organizational structure which gives them very little identity, prestige, or ability to be responsive. For us, the generalized human services umbrella approach has not worked because our special needs are usually neglected by staff persons who believe our problems are either identical to those of persons having vastly different disabilities or that they are too complicated to be solved by a generalist. Serving the blind properly requires a special expertise, and we wish to avoid any policy which would diminish the identity of a specialized approach to meeting the unique needs of the blind.

Congressman Brademas, we know our needs, and we have the evidence to show which structures meet them best. For too long officials have acted unilaterally on the assumption that they knew the best approach for the blind. We request your help in assuring that the blind are involved in reorganization decision-making at the fed-

eral level. We urge that the principle of identifiable programs for the blind be maintained and we earnestly request your help in bringing this about. Of course, one way to achieve this end would be for the subcommittee to consider favorably the Comprehensive Services for the Blind bill introduced in the present Congress as H.R. 4775.

The members of the National Federation of the Blind are intimately familiar with the neglect and buck-passing which has been characteristic of the large human services umbrella programs. Your forceful advocacy for an approach which focusses in on uniquenesses of disability groups will be applauded by all of us. In this regard we pledge our best efforts. I look forward to hearing from you.

Cordially yours,

James Gashel

James Gashel, Chief
Washington Office

cc: Beard, P.
Miller, C.
Kildee, D.
Hettel, C.
Hawkins, A.
Biaggi, M.
Perkins, C.
Jeffords, J.
Pressler, L.
Quie, A.

RESOLUTIONS ADOPTED BY
THE THIRTY-SEVENTH ANNUAL CONVENTION OF
THE NATIONAL FEDERATION OF THE BLIND
New Orleans, Louisiana, July 1977

RESOLUTION 77-H

Whereas Public Law 95-17 has given the President broad statutory authority to reorganize the Executive Branch of the government on his own initiative with some (but restricted) congressional participation; and

Whereas the efficiency experts and administrative planners are already at work trying to design a streamlined bureaucratic structure; and

Whereas it is the experience of the blind that these efforts to better manage "big government" usually focus on bigness and show a propensity for irrationally lumping programs together which often have little or nothing in common except, perhaps, a related name; and

Whereas human services programs, including especially programs for the blind, have in most instances fallen victim to the "economy of scale" principle which, when misapplied, results in a generalized service delivery system which is unaware of and unresponsive to the unique needs of the blind: Now, therefore,

Be it resolved by the National Federation of the Blind in Convention assembled this eighth day of July 1977 in the City of New Orleans, Louisiana, that this organization declares its firm opposition to any reorganization plans which diminish the identity of programs serving the blind at the federal level; and

Be it further resolved that the members and leaders of this organization remain vigilant to guard against the further fracturing of federal authorities administering services to the blind; and

Be it further resolved that copies of this resolution be sent to the appropriate Members and committees of the Congress and Administration officials with the request that the blind be invited to participate fully in reorganization planning prior to (not after) final decisions.

AAMD

AMERICAN ASSOCIATION ON MENTAL DEFICIENCY

5101 Wisconsin Avenue, N.W. Washington, D.C. 20016

202 (686-5400)

August 5, 1977

The Honorable John Brademas
Education and Labor Committee
1236 Longworth House Office Building
Washington, D.C. 20515

Dear Representative Brademas:

I am writing to express concern regarding the recently announced reorganization of the Office of Human Development. Although the AAMD was not meaningfully involved in the process of developing the new structure our immediate analysis causes us to be concerned about the implications it has for mentally retarded people. This matter was discussed at our recent leadership meeting, and the contents herein are based on the consensus of the opinions expressed by these professional persons.

Although extensive review has not been undertaken, nothing about the reorganization would appear to improve services to mentally retarded and other handicapped individuals. In fact, the interests of these populations may be in danger of being compromised by such features as:

a) consolidation in the Administration for Handicapped Indivíduals of advocacy agencies, such as the President's Committee on Mental Retardation, with the operational agencies, such as the Rehabilitation Services Administration;

b) lack of clear provision for children with mental retardation or other handicapping conditions in either the Administration for Children, Youth and Families or the Administration for Handicapped Individuals;

c) disregard for past experience which led to the removal of the Developmental Disabilities Office from under the supervision of the Rehabilitation Services Administration.

The minimal participation that was afforded Providers/Consumers prior to the announcement of this proposed reorganization should not be misinterpreted as active, constructive participation, i.e., that their concerns have been considered, but rather as a last minute opportunity to be a second-hand observer through another organization. In fact, such minimal participation may be considered to be tokenism. I believe that professional groups must be invited to contribute to the decision making process prior to the formulation of any plan for reorganization -- if the long term needs of mentally retarded persons are truly to be regarded.

I wish to respectfully call to your attention that my concern has special significance in that it represents a commitment of nearly 12,000 professionals to bringing about a coordinated system. The American Association on Mental Deficiency has been devoted for 101 years to standards of excellence in the provision of interdisciplinary professional services to improve the quality of the lives of mentally retarded individuals.

Because of these concerns we urge the Congress to schedule public hearings about this reorganization and to delay the implementation of the reorganization in order to study its many drawbacks. I believe you will agree that any administrative structure should be for the purpose of facilitating the achievement of goals and that you will take a personal interest in seeing that the structure of HEW is designed to provide the most effective, responsive service possible to benefit the American people.

Finally, please be assured that the leadership of the AAMD are available to assist.

Respectfully submitted,

Margaret Joan Giannini, M.D., FAAMD
President

MJG/ad

Room 817, 1346 Connecticut Avenue, N.W. • (202) 785-4265
Washington, D.C. 20036

American Coalition of Citizens with Disabilities Inc.

The Honorable John Brademas
Chairman
Select Subcommittee on Education
Committee on Education and Labor
U. S. House of Representatives
Washington, D. C.

12 September 1977

Dear Congressman Brademas:

As you will recall, Frederick Weintraub testified on behalf of the Council for Exceptional Children (CEC) before the Subcommittee on this date. In response to a request you made to him, I am sending you copies of the two reorganization recommendation papers ACCD has prepared to date.

You may be interested in the fact that these papers were drafted with the participation of 25 highly respected representatives of organizations of and for disabled people. The consensus reached by these individuals meant that we were able to achieve a broad base of support for the recommendations.

Thank you for your interest. I will be pleased to respond to any questions you may have on the enclosed documents.

Sincerely yours,

Frank G. Bowe, Ph. D.
Director

97-210 O - 77 - 13

REORGANIZATION OF THE EXECUTIVE OFFICE OF THE PRESIDENT:

DISABILITY-RELATED RECOMMENDATIONS

Introduction

The Reorganization Act of 1977 (P. L. 95-17) specifically notes in Section 901 (c) that "Congress intends that the President provide appropriate means for broad citizen advice and participation in restructuring and reorganizing the executive branch." President Carter expressed his commitment to reorganization of programs affecting disabled people in his address to the White House Conference on Handicapped Individuals 23 May 1977. And representatives of the American Coalition of Citizens with Disabilities, Inc., (ACCD), in meetings with Presidential aides, have been encouraged to submit plans for each of the President's "logically consistent" area of reorganization.

As a first step, ACCD convened a group of 25 selected individuals knowledgeable about Federal programs and legislation who represented a broad range of organizations of and for disabled people. The deliberations of this group have been refined in subsequent sessions and are offered as the first in a series of papers to be submitted as the President proceeds over a four-year period to restructure the Federal government.

Central Concerns

America's 36 million disabled citizens have needs spanning virtually the entire range of governmental programs and activities from housing to commerce, transportation to civil defense, education to recreation, employment to retirement, civil rights to consumers affairs. Yet these needs are rarely recognized, and even more seldom met. Retrofitting ill-designed programs presents enormous expense in time and resource allocation, as buildings are renovated, programs restructured, tests rewritten, and eligibility standards revised. Without central coordination of governmental policy with respect to this segment of the country's population, disruption and discontinuity will continue and people requiring assistance will not be helped.

A more efficient, economical, and humane approach is one considering disability-related factors prior to and concurrent with implementation. With more than 100 separate programs specifically for disabled people needing coordination and the periodic forays of other departments and agencies into disability-related areas such as architectural accessibility and equal employment opportunity, an extra-departmental capability for planning and coordination is required which would facilitate policy development, provide technical assistance to Federal agencies, offer inter-agency linkage, and advise the President on issues affecting and affected by disability and disabled people.

The Recommendations

A policy-formulation unit in the Executive Office of the President is essential. No such unit now exists. The major functions of the proposed office are: (1) to conduct macro-planning on governmental programming for disabled people, seeking comprehensive and responsive approaches; (2) to review programs and policies proposed by agencies and departments for relevance to disability-related issues; (3) to facilitate the exchange of information relating to disability and the implications of disability for existing and planned services and programs; (4) to provide a focal point for consumer and advocate input on a government-wide basis; (5) to coordinate legislative proposals in conjunction with the various departments and agencies; (6) to advocate for disabled people within government; and (7) to advise the President on issues related to disability.

Within the Office of Management and Budget, an examiner is needed who will be responsible for oversight of proposed efforts to ensure that the comprehensiveness sought is achieved and that expensive retrofitting subsequent to implementation will be avoided.

Each agency and department would designate an individual, preferably located in the Office of the Secretary or of the Administrator, although possibly in the Office of the Assistant Secretary for Planning and Evaluation, to effect liaison with the proposed policy-formulation unit and to review specific options, timetables, and resource allocation plans

with respect to disability-related issues.

Implementation does not require new legislation as the authority of P. L. 95-17, together with the executive order mechanism, provides sufficient capability. Positions may be filled through the normal political appointments process, through openings created by transfers and retirements, and through Schedule A (disability) appointments. The proposed unit must be headed by an individual who is a Presidential appointee and is on a policy-making level; key aides should share this status, but supportive personnel may be competitive and excepted appointments made through the civil service process.

ACCD is cognizant of the President's promise to streamline the Executive Office staff. The intent is commendable. The President has also promised personal attention to and action upon disability-related issues, elimination of serious gaps in service delivery, and full government-wide enforcement of civil rights for disabled people. Reduction in staff where duplication exists is fully justifiable; equally justifiable, however, are measured increases in staff where legitimate functions demand identifiable and designated staff.

REORGANIZATION OF SELECTED HEW PROGRAMS

SERVING DISABLED PEOPLE

Introduction

In his address to the White House Conference on Handicapped Individuals 23 May 1977, President Carter expressed his commitment to reorganization of Federal programs affecting America's 36 million citizens who have physical, sensory, mental, and emotional disabilities:

> We have more than 100 different programs in the Federal government already for the handicapped. They are administered by many different agencies. There are a lot of different kinds of definitions for the handicap of the same person, and that means that many of you who have sought for a long time to take advantage of these programs which the Congress and my predecessors in the White House have passed have often had to go to four or five or six different agencies to get the simple treatment or opportunities which you deserve under the law.
>
> It is time for us to change that, and one of the very good benefits of the reorganization authority that Congress has now given me is to bring all of those programs for the handicapped into one agency so you can understand them and take advantage of them.

The President's comments implicitly recognized the fact that disabled people have needs spanning virtually all of government, from housing to commerce, transportation to civil defense, education to recreation, employment to retirement, civil rights to consumer affairs. Between 103 and 200 separate programs directly affect disabled people, with the number dependent upon interpretations of the terms "services" and "disabled" or "handicapped." Yet coordination of service delivery is virtually nonexistent; the one hundred-plus programs are all located in subcabinet-level agencies, making cross-departmental coordination impossible absent extraordinary effort. As a result, people qualifying for one service often cannot get another, requirements for participation in one program erect disincentives to participation in others, and significant gaps in service delivery remain despite persistent attempts to close them by the Congress, the administration, and disabled people themselves.

The President's stress upon increasing access to programs for disabled people constitutes a call for better coordination of generic service delivery programs. This document, the second in a projected series dealing with Federal reorganization, proposes a plan for enhancing government-wide coordination of service programs while improving the effectiveness of programs targeted spe ifically toward disabled individuals which are currently situated within the Office of Human Development of the Department of Health, Education, and Welfare.

The proposed plan establishes a mechanism for cross-departmental coordination within the context of a "Cabinet government" by creating, within the office of the secretary of a major department, a unit focussing exclusively upon disability-related issues. The location facilitates interface with other departments and agencies while enhancing coordination of health, education, and welfare programs. No such intra- and inter-departmental capacity now exists. The proposed unit will, we believe, effect greater cohesion in service delivery programs while maintaining existing departmental administrative responsibilities for generic programs.

The plan may be effected within the authority of P. L. 95-17, the Reorganization Act of 1977. No new legislation is necessary. The proposed structure establishes linkages with existing programs without addressing reorganization or legislative issues that may be raised with respect to these latter programs; subsequent plans will consider possible restructuring of programs in departments and agencies other than HEW.

The Recommendations

An Office of the Assistant Secretary for Handicapped Individuals is proposed for establishment in the Office of the Secretary of Health, Education, and Welfare. Within the new office would be a unit responsible for intra- and inter-departmental planning, policy, coordination, research, and legislation related to disability issues. The unit would forge linkages with the offices of other assistant secretaries, and through the Secretary with other departments, for implementation of these activities. Reporting to the Assistant Secretary

would be the heads of the Rehabilitation Services Administration, the Office of Handicapped Individuals, the Developmental Disabilities Office, and the Independent Architectural and Transportation Barriers Compliance Board. Placement of the President's Committee on Mental Retardation, the continuation of which is strongly urged, will be considered in a subsequent document dealing with commissions and advisory bodies. The Assistant Secretary for Handicapped Individuals thus would be responsible for disability-related planning and coordination and for administration of selected disability-targeted programs.

Full implementation of the recommendations would require additional resources through the appropriations process and administrative designation of individuals in other assistant secretaries' offices as liaison on disability issues. The enclosed chart depicts the proposed reorganization.

Related Issues

The recommended plan offers highly important advantages over competing proposals that have been made. First, no new legislation is required; most other plans reviewed assume amended legislation. Second, the intra- and inter-agency coordination functions cannot be accomplished absent a highly placed unit having direct access to the Secretary of HEW. A simplistic plan bringing the several disability-targeted units together without elevating the level of responsibility accomplishes little that is positive. Particularly dangerous would be a reorganization in which one existing agency assumes precedence over others; the recommended plan makes each equal with respect to the new Assistant Secretary.

RECOMMENDED REORGANIZATION OF SELECTED HEW PROGRAMS

Assistant Secretary for Handicapped Individuals

Unit on Planning, Policy, Coordination, Research and Legislation

Rehabilitation Services Administration	Developmental Disabilities Office	Office of Public Liaison	Architectural and Transportation Barriers Board
Administers the VR Program and P. L. 93-112, except for Title V (civil rights)	Administers the DD and Protection and Advocacy programs	Includes OHI/ Information Clearinghouse and maintains liaison with organizations and private individuals	Statutorily authorized to implement barrier removal requirements.

Room 817, 1346 Connecticut Avenue, N.W. • (202) 785-4265
Washington, D.C. 20036

American Coalition of Citizens with Disabilities Inc.

Joseph A. Califano, Jr.
Secretary
Health, Education, and Welfare
200 Independence Avenue, S. W.
Washington, D. C. 20201

27 July 1977

Dear Mr. Secretary:

I am writing to express the deep concern of the American Coalition of Citizens with Disabilities, Inc., (ACCD) with the reorganization plan which has been developed for programs serving disabled people in the Office of Human Development.

The proposed plan would introduce another layer of bureaucracy between the people running the programs and the officials making policy decisions. I am confident that the President did not intend when he recommended that programs for disabled people be better coordinated that the improvement be accompanied by a denigration and lowering of the level and status of the programs.

A second serious limitation of the proposed reorganization plan is that the Commissioner of RSA would also have the title Administrator of the Administration on Handicapped Individuals. It is our belief that RSA is a sufficiently large program to deserve, and need, a full-time administrator; similarly, the other programs proposed for inclusion in the new Administration deserve the attention of an individual who does not have primary responsibility for a service program. The dual role of the Commissioner is fair neither to RSA nor to the other programs.

As you know, we have proposed a reorganization plan which would elevate the level of responsibility of officials knowledgeable about and capable of coordinating programs for disabled people so that you would be able to assume a position of leadership in this area in response to the President's expressed interest. The plan we have developed would enhance intra- and inter-departmental communication and coordination while avoiding the "two hat" problem discussed earlier.

Sincerely yours,

Frank G. Bowe, Ph. D.

THE COUNCIL FOR EXCEPTIONAL CHILDREN

July 28, 1977

Secretary Joseph A. Califano, Jr.
Department of Health, Education and Welfare
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Mr. Secretary:

On behalf of the membership of The Council for Exceptional Children, we feel compelled to communicate to you our grave concern with respect to the nature of the proposed reorganization of programs for handicapped individuals within your Department's Office of Human Development.

Our objections to the proposed reorganization as presented to selective groups and individuals by HEW Assistant Secretary Arabella Martinez are essentially threefold. Permit us to very briefly describe these concerns.

First of all, it would seem clear that the various programs subject to reorganization are in fact being downgraded jurisdictionally since two layers of authority between the programs and the Assistant Secretary for Human Development would now be imposed, these two authorities being the proposed new Commissioner of the Administration for Handicapped Individuals and the Deputy Assistant Secretary for Human Development. Secondly, both the Commissioner for the Rehabilitation Services Administration and the proposed new Commissioner for the Administration for Handicapped Individuals must be full time jobs if the potential of these two administrative authorities is to have any chance at all of being realized. With one individual wearing both hats, one or the other, or both, of these Administrations will surely suffer.

And finally, Mr. Secretary, we would strongly suggest that, when the dust finally settles after such a revamping, we will have in effect a rehabilitation services commissioner taking charge of the other programs, regardless of what name one assigns to that position. It is questionable (in the extreme) that rehabilitation services should be allowed to dominate the varying missions of the other programs. In fact, we would submit that the whole thrust of recent legislative and executive action has been toward avoiding such domination.

At the same time, Mr. Secretary, let us say that we have and will continue to admire the concern and vigor with which both you and Assistant Secretary Martinez have tackled reorganization issues within your department. We would simply respectfully submit to you that there are notable flaws in the

RESTON, VIRGINIA 22091 (703) 620-3660

cc: Jack Duncan
Patrik Jurseitis
Marty LaVor
Lisa Walker
Frank Rose
Paul Marchand

UNITED CEREBRAL PALSY ASSOCIATIONS, INC. • 66 EAST 34th STREET • NEW YORK, NEW YORK 10016
(212) 889-6655

REPLY TO:

UCPA Governmental Activities Office
Chester Arthur Building
Suite 141
425 I Street N.W.
Washington, D. C. 20001
(202) 638-6169

July 27, 1977

Ms. Arabella Martinez
Assistant Secretary for Human Development
Department of Health, Education, and Welfare
Room 305 F, South Portal Building
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Ms. Martinez:

United Cerebral Palsy Associations, Inc. would like to comment on Office for Human Development reorganization decisions as announced at your July 22, 1977 meeting with selected representatives of organizations representing persons with disabilities. UCPA applauds your efforts to focus increased attention upon persons with disabilities, their families, and their community, and to enhance the quality of services for such persons. However, we do have several substantial concerns with the reorganization plan.

(1) UCPA strongly objects to a single person exercising the dual administrative responsibility as Commissioner of the Rehabilitation Services Administration and Commissioner of the Administration for Handicapped Individuals. Both positions, will require extraordinary time commitments which cannot possibly be met by a single individual. For several years the RSA Commissioner attempted to maintain reporting responsibility for the Developmental Disabilities program. As a result, neither RSA, DDO, nor outside interests received adequate attention under such an administrative arrangement, and the practice had to be abandoned.

We would also like to emphasize that the Congress has examined this issue repeatedly, has indicated their intent frequently, and should be involved in any reorganization suggestions.

(2) We object to the potential role envisioned for the proposed Office of State and Community Affairs. Outside interests, citizens-at-large DHEW regional staff, and state and local government all must have direct involvement with actual program managers. During the past decade we have experienced a variety of frustrations and non-productive relationships with offices of "community affairs," "consumer affairs," "volunteer affairs," "public information," and "citizen participation." Whatever their titles, they are primarily nontechnical public relations operations with no meaningful relationship to or understanding of policy development

LEONARD H. GOLDENSON, CHAIRMAN OF THE BOARD · JACK HAUSMAN, VICE CHAIRMAN · GEORGE J. SCHWEITZER, JR., ESQ., VICE CHAIRMAN · WARREN F. BEER, PRESIDENT · WILLIAM BERENBERG, M.D., VICE PRESIDENT MEDICAL AFFAIRS · EARL H. DUNERO, EXECUTIVE DIRECTOR

nor program implementation. To insure maximum program effectiveness outside interests must be granted meaningful participation with program managers and policy makers; in contrast, offices of community affairs have traditionally operated as substantial obstacles to real citizen participation in government.

(3) UCPA has serious reservations regarding the proposed regional office structure. For several years the Developmental Disabilities regional staff operated both as a DD consultant and as a RSA program consultant. Consistently, state and local interests in both developmental disabilities and rehabilitation complained -- one person could not give adequate attention, nor possess sufficient technical ability, to demands from the state and local level.

(4) UCPA is disappointed that you chose to meet with only six organizations on July 22, 1977. Though we maintain close working relationships with several of these organizations, they do not represent the entire disability field, nor are they authorized to speak for UCPA in public policy matters. We are hopeful your office will seek broader representation from the disability field in future meetings.

UCPA understands that a committee to be headed by Deputy Assistant Secretary Frank Newgent is to be appointed to examine reorganization issues. We respectfully request the opportunity to become involved with such a committee, and we would be interested in learning of the process envisioned to involve citizen participation.

Your cooperation and consideration is appreciated.

Sincerely,

E. Clarke Ross

E. Clarke Ross
Director
UCPA Governmental Activities
Office

ecr:pb

cc: Frank Newgent

UNIVERSITY OF WASHINGTON
SEATTLE, WASHINGTON 98195

Child Development and Mental Retardation Center
WJ-10

July 27, 1977

Congressman Lloyd Meeds
2nd District - Washington
Congress of the United States
House of Representatives
Washington, DC 20515

Dear Congressman Meeds,

I'm writing with reference to the pending reorganization of programs for the handicapped in HEW. As I understand it, the Office of Developmental Disabilities, the Rehabilitation Services Administration, the President's Committee on Mental Retardation, the Office of Handicapped Individuals and the Architecture and Transportation Barrier Compliance Board will all be merged into a new Administration for the Handicapped within the Office of Human Development.

In my opinion, this is a good move on the part of the Secretary and one which will streamline the administration of these programs and result in more efficient management and coordination of programs serving handicapped individuals.

The reorganization would be further facilitated by a change in some of the legislation. The Developmental Disabilities Act, (94-103) for some reason, has been managed on the House side by the Subcommittee on Interstate and Foreign Commerce. This committee has not shown a great deal of interest in this program, thereby resulting in insufficient congressional oversight. The program is a total mess from a Federal administration point of view and the confusion is reflected at the State and local levels. With the organizational effort being made in HEW, there is no reason why the various components of 94-103 could not be incorporated within the Vocational Rehabilitation Act and administered as a single program. This would also bring the legislation under your Committee which has advantages relative to oversight.

There are several parts to 94-103 which I would like to see continued and some which should be dropped or changed. The section on UAFs and UAF Satellites (Part B - 94-103) is important and could

easily be lifted intact and incorporated as a part of Title II (Research and Training) of 93-516.

Part D (94-103), Special Project Grants, could become a subsection of Section 304 (93-516), expanding the discretionary grant authority for special projects and demonstrations but maintaining the priorities of 94-103.

Section 113, Part A of 94-103 (Protection and Advocacy) could remain intact and be assimilated as a part of Title I of 93-516. I believe Section 112 (Habilitation Plans) is already redundant since it occurs in both Acts. Part C of 94-103 provides a formula grant to each State for the purpose of "Planning, Provision of Services, and Construction and Operation of Facilities for Persons with Developmental Disabilities." This is a section which needs serious consideration. About $425,000 comes into the state of Washington from this program which is not enough for any significant impact, which is used by the State Bureau of Developmental Disabilities for various small grants for a variety of purposes, and which is totally redundant with either the Vocational Rehabilitation funds or the State Developmental Disabilities funds. The money is not wisely used but we never like to lose money coming into the State if we can possibly help it. The solution will be to find a more intelligent use for these funds or a different form of management. These funds could be folded into the State Vocational Rehabilitation Allotment but the amount of money available under 94-103 is a drop in the bucket when compared with the funds available under 93-516. It might be better to keep the funds separate and to find a better purpose for them. I'm sure that careful thought along this line would produce many ideas. My own preference would be to use the entire amount for planning at the State and County levels. Since both 93-516 and 94-103 require State plans, and since the breakdown of services in most states is a result of poor planning, these funds could be used by each State for the development of comprehensive plans for the developmentally disabled specifically and the handicapped in general. It would not be a bad idea for each state rehabilitation office to establish a planning unit which would conduct studies necessary for planning, do evaluations, and put together a reasonable five year plan. Some of the money could also be used to support planning at the County level. I recognize that this would mean a lot of money dedicated to planning in a larger state like New York but such states could (and should) regionalize their planning efforts.

Section 133 of 93-104 (State Plans) would, of course, be merged with section 101 of 93-516.

Section 108 of 94-103 authorizing the National Advisory Council for the Developmentally Disabled and Section 137 of 94-103 requiring State Planning Councils would best be forgotten. After a track record of five years, neither of these has demonstrated sufficient value to merit their survival.

Some precautions would be necessary in merging the Developmental Disabilities and Vocational Rehabilitation Legislation. The Vocational Rehabilitation Act has historically focused upon employability and devotes the major portion of its resources to the rehabilitation of individuals who become disabled after entering the job market. The mentally retarded represent a small proportion of the rehabilitation clients and, furthermore, the rehabilitation counselors and agencies have been hesitant to provide services for individuals who lack sufficient development to ever hold jobs in either competitive or sheltered employment. It was partly because of this that the 94-103 was enacted in the first place. It would be necessary to find some mechanism for assuring that the purposes of 94-103 continue to be met after such a merger.

The merging of these two Acts, along with the merging of administration should result in better programs and services for the handicapped. However, you can expect resistance from people who will see this as a deemphasis on the problems of more severely disabled persons and you can certainly anticipate a howl and cry from those presently serving on National or State councils. The Developmental Disabilities Act has created its own bureaucracy which will fight to sustain its existance.

I hope these ideas are useful to you as you give consideration to the extension of the Vocational Rehabilitation Act.

Sincerely,

James W. Moss

James W. Moss, Ph.D., Director
Planning, Evaluation and Development

JWM:oc

cc: Patria Forsythe, Professional Staff Director
Subcommittee on the Handicapped

THE UNIVERSITY OF NEBRASKA
MEDICAL CENTER
42ND STREET AND DEWEY AVENUE
OMAHA, NEBRASKA 68105

C. LOUIS MEYER
CHILDREN'S REHABILITATION INSTITUTE
444 South 44th Street
Omaha, Nebraska 68131

September 2, 1977

Mr. Jack G. Duncan, Counsel
Subcommittee on Select Education
1236 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Duncan:

Attached is a copy of a letter I sent recently to the Secretary, DHEW, concerning the planned reorganization of the Office of Human Development.

I am concerned because the new structure would once again filter policy and budget decisions concerning programs serving the developmentally disabled through an administrative level concerned primarily with vocational rehabilitation and employability.

The excellent vocational rehabilitation programs of the Rehabilitation Services Administration are justified on the cost benefit of training and employing handicapped persons, most of whom are "normal" persons who have suffered a physical disability. On the other hand, the mental retardation and developmental disability programs are concerned with persons who, for the most part, will never be able to pay their own way due to congenital handicaps. We are just beginning to emerge from the dismal past of "warehousing" these persons in out of the way places. Continued strong Federal leadership is needed to realize the promise of Federal developmental disabilities legislation of the last fifteen years.

Sincerely yours,

Mr. Sanford V. Smith
Director, Office of Educational Services
Meyer Children's Rehabilitation Institute

SVS/kam

Enclosure: 1

August 23, 1977

Mr. Joseph A. Califano, Jr.
Secretary of Health, Education and Welfare
Washington, D.C. 20201

Dear Mr. Califano:

As a former HEW employee who was involved in implementing the original Kennedy mental retardation legislation and subsequent amendments, I noted with interest the recent reorganization of the Office of Human Development Services.

It was my lot to be Assistant Director of the Mental Retardation Division (now Developmental Disabilities Office) when the Social and Rehabilitation Service was created ten years ago. We were placed in the Rehabilitation Services Administration, presumably to promote good management and effective delivery of human services to handicapped persons.

What that reorganization failed to recognize, however, was that the touchstone of the vocational rehabilitation legislation and programs is "employability" while that of mental retardation and developmental disabilities is "quality of life." Consequently, the professional backgrounds and concerns of the staffs did not mesh or reinforce one another, and the developmental disabilities emphasis was increasingly isolated. In a few years, many key staff had moved on as available agency resources were consistently diverted towards vocational objectives. When the Developmental Disabilities Office was removed from RSA control in 1975, additional SRS staff had to be added to make it a viable entity, and it still lacks the breadth of professional backgrounds available ten years ago.

I have grave doubts that relocating that office in a vocational milieu will strengthen the cause of the developmentally disabled in the Department or the nation at large.

Sincerely,

Sanford V. Smith
Director, Office of Educational Services
Mayer Children's Rehabilitation Institute

SVS:eg

MEMORANDUM July 20, 1977

TO: JACK DUNCAN

FROM: TOM BIRCH

Plans are being developed to reorganize the Office of Human Development. The object is to consolidate some 25 programs reporting directly to the Assistant Secretary into 9 offices.

The new titles under the Assistant Secretary will be Office of Planning, Research and Evaluation; Office of State and Community Affairs; Office of Administration and Management; Office of Policy and Management Control; Administration for Children, Youth and Families; Administration on Aging; Administration for Handicapped Individuals; Administration for Public Services and Administration for Native Americans.

The agency for children, for example, combines the programs under the present Office of Child Development, Head Start and the child abuse program. The new Administration on Aging includes the present AoA programs and the Federal Council. The new agency for the handicapped includes developmental disabilities with present RSA programs.

Dick Warden was anxious to talk to you about this reorganization, but when he learned that you were away he sent his assistant, Nancy Amidei, to talk to me about it today. Warden's office plans to make contact over the next few days with OHD people and with the private agencies, having talked to Congressional staff.

The "details" of the reorganization have not yet been worked out. The plan should become final within the next week.

I got the sense that the briefing was more for our information than comment. However, I did stress that functions relating to policy such as staffing, budget, program development and grants awards should not be moved out of the programs to central administrative offices, lest the integrity of the service agencies be violated.

State of Wisconsin \ COUNCIL ON DEVELOPMENTAL DISABILITIES

ROOM 1120C
1 WEST WILSON STREET
MADISON, WISCONSIN 53702

October 7, 1977

The Honorable John Brademus
Chairman, House Select Education Subcommittee
1236 Longworth House Office Building
Independence and New Jersey Avenues
Washington, D.C. 20515

Dear Representative Brademus:

The Wisconsin Council on Developmental Disabilities is pleased that on September 12, 1977, your subcommittee expressed to Arabella Martinez, Assistant Secretary for Human Development, its distress at the administration's lack of substantive consultation with Congressional committee members, their staff, or constitutent groups prior to implementing the Office of Human Development reorganization.

The Council was not pleased that the Developmental Disabilities Office had been combined with the massive Rehabilitation Services Administration, with the Commissioner of RSA serving a dual role as head of this new administration and commissioner.

Even more dismaying are the reports from the Consortium Concerned with the Developmental Disabilities (CCDD) Task Force on Developmental Disabilities of their meeting on September 6, 1977 with Assistant Secretary Martinez and Acting Commissioner of the Administration for Handicapped Individuals Robert Humphreys on extension of the developmental disabilities program.

Although emphasizing that OHDS had not developed final recommendations on developmental disabilities extension, she declared that she "had heard nothing good about the developmental disabilities program since I've been here. I do think we need a focus on the developmental disabilities and in this department; but do we need a special program to accomplish this?"

Her primary concerns with the developmental disabilities program related to the University Affiliated Facility program, the state plan requirements, and the management of the program at all levels. She indicated that the Administration will probably recommend a simple extension of the act with time to study long-range alternatives.

The Wisconsin Council on Developmental Disabilities is of the opinion that the statement regarding "management at all levels" borders on the irresponsible and that no validity can attach to statements of this nature without appropriate documentation. To our knowledge, Assistant Secretary Martinez has no first-hand knowledge of, or experience with, the developmental disabilities program in Wisconsin. We challenge the integrity of the statement.

Sincerely,

June M. Dobbs, M.D., M.P.H.
Chairperson

JMD:jlc

cc: Representative Robert Cornell
Representative Paul G. Rogers
Wisconsin Delegation
Representative Martha Keys

White Paper On Executive Branch Reorganizational Initiatives Within The Office Of Human Development, DHEW

Submitted by
Margaret C. Pfrommer, Governor
Illinois Council of the Congress of
Organizations of the Physically Handicapped

INQUIRIES: Ms. Margaret C. Pfrommer
345 E. Superior St. - Room 1441
Chicago, Illinois 60611
(312) 649-8560

As representatives of the Illinois Council of the Congress of Organizations of the Physically Handicapped, we respectfully request that you address your attention to a matter of direct concern to us and our constituancy.

The changes proposed by the Department of Health, Education, and Welfare, establishing an Administration for Handicapped Individuals within the Office of Human Development, would result in the embodiment of a questionable consolidation of Federal agencies. Page one (1) of a "Fact Sheet on OHD Reorganization" (copy enclosed) states that there will be a placement of " . . . six discrete units under one organization . . . ". On page two (2) of the same fact sheet, we learn that the statement on page one (1) has been qualified to include only five (5) agencies. Under the reorganization action, " the Rehabilitation Services Administration, the Developmental Disabilities Office, the President's Committee on Mental Retardation, the Office of Handicapped Individuals, and the White House Conference on Handicapped Individuals will be consolidated within the new organization." Reading further, we find more qualifying information. Exhibit #7, note (3) of the enclosed fact sheet explains that "The White House Conference on Handicapped Individuals staff.....will be absorbed in other organizations when work is completed at the end of Fiscal Year 1977". Exhibit 7, note (5) will report directly to the ASHD..." that is the Assistant Secretary for Human Development.

What originally started out to be "six discrete units under one organization," is now only three (3) agencies. Going back to page two (2) of the above quoted "fact sheet", we learn that "the Commissioner of the Administration for Handicapped Individuals will also be the Commissioner of the Rehabilitation Services Administration. That intended action would effectively

consolidate two multi-million dollar funding agencies. S626 now Public Law 95-17 stipulates that reorganization plans may not extend or expand agency functions.

Since Public Law 95-17 also prohibits Congress from amending a reorganization plan, unless these proposed reorganizational actions are in some way delayed and then changed or unless this chamber or the House vetoes the plan immediately, Congress will, by its silence, have approved the establishment of a commission that will be at once both powerful and undesirable.

In his remarks before the White House Conference on Handicapped Individuals earlier this year, President Carter said that he would "bring all of the programs for the handicapped together into one agency so you (the handicapped) can understand them and take advantage of them". Under the existing plan, the proposed Administration for Handicapped Individual will serve its intended goal, cost effectiveness, through Zero Based Budgeting. It will also advantage the state and local fund recipients whose interests in no way coincide with need of the physically handicapped consumer.

President Carter's stated objective quoted above, would not be achieved. The proposed Administration for Handicapped Individuals may not as currently structured, address itself to the needs of those persons who are physically handicapped and who seldom, if ever, have received adequate program services that would effectively place them in the main stream of service delivery or that would result in their reentry into the community, as gainfully employed tax payers or as persons in pursuit of goal effective training and of higher education.

If Congress wishes there to be, as we do, an appropriate and a legally

constituted Commission for the Handicapped and if a veto is the only available avenue in its achievement of that result, the Illinois Council of the Congress of Organizations of the Physically Handicapped will fully support such action.

We have also enclosed for your further attention, our recommendations to the Department of Health, Education, and Welfare, Office of Human Development to effectuate an acceptable and a legal transfer of agencies for the handicapped to an Administration for Handicapped Individuals.

Respectfully,

Being fully cognizant of the expressed intent of Congress that there be public involvement in the reorganization of the executive branch, the Illinois Council of the Congress of Organizations of the Physically Handicapped hereby sumits the following recommendations.

Subject: The transfer within the Office of Human Development, of agencies for the handicapped, to a commission designated the Administration for Handicapped Individuals.

1. The Rehabilitation Services Administration, in compliance with the 1974 amendments 93-516, to the Rehabilitation Act of 1973 and in further compliance with the enabling legislation covering executive branch reorganization 95-17, should remain as presently constituted, an individual component of the Office of Human Development.
2. The Developmental Disabilities Office is a multi-million dollar budgeted contractor of services. It should have a direct line into the Office of the Assistant Sectretary.
3. The Administration for Handicapped Individuals should be so structured as to include the Office of Handicapped Individuals, an agency not included there, under the original reorganization plan, the Architectural and Transportation ComplianceBoard, also an agency excluded from the original reorganization and the President's Committee on Mental Retardation.
4. The agencies included under the Administration for Handicapped Individuals and the Commissioner should develop with Congress, procedural guidelines that would result in the implementation of their existing advocacy mandates.

The Assistant Secretary under this arrangement would, as mandated, continue to chair the Architectural and Transportation Compliance Board.

The new Commissioner would have management and administrative functions relating to program components, program directors and the regular staff.

This would be a significant commission. The Administration for Handicapped Individuals would be made up of agencies, that could establish goals and policies affecting the handicapped, agencies that would directly control the dissemination of information to the handicapped, and undertake advocacy roles in coordination, oversight, accountability, administrative and legislative action.

AAMD

COPY

AMERICAN ASSOCIATION ON MENTAL DEFICIENCY
5101 Wisconsin Avenue, N.W. Washington, D.C. 20016
202 686-5400

August 5, 1977

The Honorable Joseph Califano
Secretary of Health Education and Welfare
615 F South Portal Building
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Califano:

I am writing to express concern regarding the recently announced reorganization of the Office of Human Development. Although the AAMD was not meaningfully involved in the process of developing the new structure our immediate analysis causes us to be concerned about the implications it has for mentally retarded people. This matter was discussed at our recent leadership meeting, and the contents herein are based on the consensus of the opinions expressed by these professional persons.

Although extensive review has not been undertaken, nothing about the reorganization would appear to improve services to mentally retarded and other handicapped individuals. In fact, the interests of these populations may be in danger of being compromised by such features as:

a) consolidation in the Administration for Handicapped Individuals of advocacy agencies, such as the President's Committee on Mental Retardation, with the operational agencies, such as the Rehabilitation Services Administration;

b) lack of clear provision for children with mental retardation or other handicapping conditions in either the Administration for Children, Youth and Families or the Administration for Handicapped Individuals;

c) disregard for past experience which led to the removal of the Developmental Disabilities Office from under the supervision of the Rehabilitation Services Administration.

The minimal participation that was afforded Providers/Consumers prior to the announcement of this proposed reorganization should not be misinterpreted as active, constructive participation, i.e., that their concerns have been considered, but rather as a last minute opportunity to be a second-hand observer through another organization. In fact, such minimal participation may be considered to be tokenism. I believe that professional groups must be invited to contribute to the decision making process prior to the formulation of any plan for reorganization -- if the long term needs of mentally retarded persons are truly to be regarded.

I respectfully call to your attention that my concern has special significance in that I represent a commitment of nearly 12,000 professionals to bringing about a coordinated system. The American Association on Mental Deficiency has been devoted for more that 101 years to standards of excellence in the provision of interdisciplinary professional services to improve the quality of the lives of mentally retarded individuals.

I want you to know that because of this concern, the Association has taken steps to urge the Congress to schedule public hearings about this reorganization. I hope that you will postpone the implementation of the reorganization. I am sure you will agree that administrative structure should be for the purpose of facilitating the achievement of goals, and that you will take a personal interest in seeing that the structure of HEW is designed to provide the most effective, responsive service possible to benefit the American people.

Finally, please be assured that the leadership of the AAMD are available to assist.

Respectfully submitted,

/s
Margaret Joan Giannini, M.D., FAAMD
President

MJG:ad

For your information, similar letters have been sent to the following persons:

Assistant Secretary Arabella Martinez
Senator Harrison A. Williams, Jr.
Senator Jennings Randolph
Senator Robert T. Stafford
Senator Alan Cranston
Representative Time Lee Carter
Representative Paul G. Rogers
Representative John Brademan